

Bank of Waterlow  
Bank of Waterlow

1927-1940

1927-1940

645

645

Bank of PORTUGAL  
(Waterlow affair)  
1927-1940

#645

see also LONDON records

ORIGINAL CLIPPINGS - from which  
Photostats  
were made ...

are in DRAWER in 5-drawer section



see also LONDON records

Dec 3-1926 - B.W. Co. "Prospectus"  
Chart

see also LONDON records

Book - "Historia de Crim"  
filed separately



**AMERICAN BANK NOTE COMPANY.**

**New York**

**to**

**Rio de Janeiro**

**SUBJECT**

**BANK OF PORTUGAL**

C.P.R.

JAN 12 1927

**DATE January 11, 1927.**

We are enclosing herewith a newspaper account of the trial of a Mr. Marang who is implicated in the Waterlow-Portugal matter.

At your leisure you might make a translation of this for our files. It would be particularly interesting to have the testimony of Sir William Waterlow in our files.

Yours very truly,

Manager Foreign Department

FWG/SD

DUPLICATE SENT



C.P.R.  
JAN 12 1927

January 11, 1927.

Mr. H. L. Williams,  
c/o American Legation,  
Quito, Ecuador.

Dear Sir:

Re: BANK OF PORTUGAL

We are enclosing herewith newspaper clipping in Portuguese regarding the trial of one of the parties implicated in the Bank of Portugal bank note affair, which we thought might prove useful and interesting.

Yours very truly,

Manager Foreign Department

FWG/SD

DUPLICATE SENT

OTHER COPY IN  
PACKET 500



Caracas, Jan. 24, 1927

Extract from Tagliaferro's letter

Original in BANCO MERCANTIL Y AGRICOLA  
Packet #841

It also happens that at present a representative of the firm of Waterlow of London, is here and this, undoubtedly, has some bearing on the matter. I think, in order to defend ourselves, you should send me further data, but in Spanish, with regard to that Company's part in the falsification of the Banco de Angola, Lisbon, notes, to demonstrate it to the Government and prevent an order for the making of these notes by them. Do not forget it.



**AMERICAN BANK NOTE COMPANY.**

SUBJECT FALSIFIED PORTUGUESE BANK NOTES

TO NEW YORK FROM WASHINGTON

DATE January 26, 1927.

2  
New York

United States Department of Commerce

Bureau of Foreign &amp; Domestic Commerce

Office of Commercial Attache  
American Legation  
The Hague, Netherlands31 Prinsessegracht,  
The Hague,  
December 18, 1926.

No. 158

Director,  
Bureau of Foreign and Domestic Commerce,  
U. S. Department of Commerce,  
Washington, D. C.Attention: Commercial Intelligence Division  
Subject: Portuguese Bank Notes Forgery Case.

Dear Sir:

Referring further to my 120 of November 30, 1926, I now have pleasure in enclosing a summary of the trial at the Court of Justice in the case of Marang van IJsselveere before The Hague Court beginning November 23, 1926.

I regret the delay in forwarding this summary which has been due not only to difficulty in translating your original cable but also to the fact that we first had to collect the reports of the testimony and select the necessary parts for translation.

As we have no one sufficiently familiar with legal terms on our staff we had to engage an outside translator at a cost of \$4.00. I have paid this from personal funds and presume the interested party in the United States would desire to reimburse me which may be done by check on any bank in the United States.

Very truly yours,

(Signed) J. F. VAN WICKEL,  
Commercial Attache.Enclosure:  
Summary Forgery Case.  
vw-m*Wash. Office copy destroyed  
Dec 19/30*



AMERICAN BANK NOTE COMPANY

New York

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JAN 28 1927



## AMERICAN BANK NOTE COMPANY.

C. P. R.  
FEB -3 1927

New York

SUBJECT FALSIFIED PORTUGUESE BANK NOTES

Sheet No. 2

TO NEW YORK FROM WASHINGTON

DATE January 26, 1927.

## FALSIFIED PORTUGUESE BANK NOTES

Mr. Marang van Ysselveere on trial before the Hague Tribunal

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The Hague,  
November 23, 1926.

The trial opened today at the Court of Justice in The Hague of Mr. Marang van Ysselveere, charged with having between November, 1924, and December, 1925, under false pretenses, caused the firm of Waterlow & Sons, Ltd., of London, to counterfeit a total quantity of 580,000 bank-notes of 500 Escudos each, with the intention to use same or cause same to be used by others as genuine and un-forged; alternatively, with having had in his possession in four cases a large quantity of counterfeit bank-notes. Mr. Marang was also charged on the following further counts, as additional alternatives to the initial charge: (a) that he made use of a forged document purporting to emanate from the Banco de Portugal and addressed to Waterlow & Sons; (b) that he, through greed and gain, had stored up or concealed a large quantity of counterfeit bank notes.

## The Evidence

The first of the witnesses examined was Mr. BESSELING, Commissioner of Police at The Hague, who, on the 9th January 1926, effected the seizure of cases containing bank-notes and bank-papers at the office of Advocate van Raalte at Rotterdam. He further seized four cases of bank-notes at the premises of Brasch & Rothenstein, also at Rotterdam.

On being questioned by counsel for the defense as to whether Mr. Van Raalte had surrendered the cases freely, witness replied in the affirmative, adding that Mr. Marang had released his adviser, Advocate Van Raalte, from professional secrecy.

Reference was then made to a letter from Mr. Marang to his counsel which was intercepted by witness; which the president ruled was a precautionary measure adopted by the Police.

On the order of the Court, several cases were thereupon opened from which neatly bundled stacks of bank-notes were brought to light.

The accused declared that he was aware of the fact that these bank-notes, inter alia, were deposited with Brasch & Rothenstein. Questioned as to



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JAN 28 1927



**AMERICAN BANK NOTE COMPANY.****New York****SUBJECT**      **FALSIFIED PORTUGUESE BANK NOTES**

Sheet No. 3.

**TO NEW YORK FROM WASHINGTON****DATE**      **January 26, 1927.**

whether he had instructed two men, Liber and van Raelte, to remove these cases from his premises, the accused admitted having done so.

(Mr. Liber, a Turkish journalist, who was summoned as a witness in this case, had taken flight and could not be traced.)

The accused also admitted ownership of certain bank-notes which were found in a smaller case.

The next witness called was Mr. J. J. SCHEPP, Acting Director of the firm of Brasch & Rothenstein at Rotterdam, who stated that on the 11th December 1925 he accepted delivery from Liber of four cases for storage. They were insured as commercial documents for a sum of f.2000. Witness was not aware that they contained Portuguese bank-notes.

The accused's visit to Messrs. Enschedé

The witness next called was Mr. A. DITHMAR HUISMAN, Secretary of Messrs. Enschede of Haarlem, who stated that in December 1925 he received a visit from accused in connection with the printing of bank-notes. He (accused) produced contracts and notes and said that they were for other parties. Witness, however, had two objections: firstly, his firm were not willing to imitate what had already been printed by Waterlow in London; secondly, they had technical difficulties, as they saw no possibility of turning out perfect imitations of these bank-notes. Accused had laid especial emphasis on the point that they be perfectly alike. He did not desire to go to Waterlow again, for the reason that he objected to being burdened with supervision.

In reply to questions made by the Public Prosecutor, witness stated that while discussing the question of imitation, accused produced notes from his pocket; also that accused requested that the order be placed with Waterlow & Sons through the intermediary of the firm of Enschede.

At this juncture, counsel for the defence desired to place on record that the accused showed but a slight disposition towards taking such a step; which witness confirmed.

Witness stated that during the period of his service with Messrs. Enschede it has never yet transpired that applications for the printing of bank-notes are made by private parties.

The counsel for defence reminded witnesses of a previous statement that it certainly had transpired that orders for the printing of bank-notes for smaller States, had been placed through third parties. Witness denied this; such referred to other issues.



The first of the following is a copy of the original document, and the second is a copy of the same document as it appears in the original.

The second of the following is a copy of the original document, and the third is a copy of the same document as it appears in the original.

The third of the following is a copy of the original document, and the fourth is a copy of the same document as it appears in the original.

The fourth of the following is a copy of the original document, and the fifth is a copy of the same document as it appears in the original.

The fifth of the following is a copy of the original document, and the sixth is a copy of the same document as it appears in the original.

The sixth of the following is a copy of the original document, and the seventh is a copy of the same document as it appears in the original.

The seventh of the following is a copy of the original document, and the eighth is a copy of the same document as it appears in the original.

The eighth of the following is a copy of the original document, and the ninth is a copy of the same document as it appears in the original.

The ninth of the following is a copy of the original document, and the tenth is a copy of the same document as it appears in the original.

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JAN 28 1927



# AMERICAN BANK NOTE COMPANY.

New York

SUBJECT FALSIFIED PORTUGUESE BANK NOTES

Sheet No. 4.

TO NEW YORK FROM WASHINGTON

DATE January 26, 1927.

## Steps taken in London

Mr. W. A. WATERLOW, President of the reputed printing house of Waterlow & Sons, London, was next examined, the questions being interpreted. He stated that in December 1924 he received a visit from accused, who was in possession of a letter of recommendation from Messrs. Enschede. Accused also produced contracts and inquired whether Waterlow could print notes exactly the same as those which he showed. At the commencement, witness refused for the reason, inter alia, that the delivery period was too short. Later, in the course of the conversation, he himself mentioned the Vasco da Gama-type, as he had previously printed this also.

Accused had requested him to observe secrecy in the matter, in compliance with a like request alleged to have been made by the Directors of the Portuguese Bank. Accused had told him that the printing of these bank-notes was being undertaken on the instruction of the Portuguese Government on behalf of the Portuguese Colony, Angola, which was reported to be in unfavorable financial circumstances. According to the

accused, the Portuguese Government desired to keep the matter secret from the Banco Nacional Untra Marino.

Witness declared that he had about four interviews with Marang, inter alia, on 6th January, 1925, at which interview Marang showed him a letter from the Director of the Portuguese Bank, as authority for the printing of the bank-notes. Every detail was arranged, with the exception of the signature of the High Commissioner of Angola, which would have to be inserted later. In June 1924, another interview took place with Marang to discuss the details of a new order for the printing of bank-notes, letters of authority for which Marang again produced, so that a further contract was concluded on the 29th of June 1925.

## Duplicate Serial Numbers

On the 14th of August, witness received a letter from Marang in which was enclosed a letter from the Governor of the Portuguese Bank dated 19th June, with the signature and the numbers. Witness then perceived that the numbers for the issue on order were identical with those of a previous issue. He drew accused's attention to this and suggested that the Governor had probably committed an error. On the 21st of August addressed a letter to witness, in which he stated that the Governor had used the same serial numbers on purpose.

The Public Prosecutor: There was found in possession of the accused, a letter, in the English language, from the Governor of the Portuguese Bank dated 24th January, while on the 14th January an identical letter in the French language from the Governor was sent by the accused to Waterlow.

The Accused: This is correct. As both letters were identical, I withheld one and sent the other to Waterlow.

The Public Prosecutor: If you were acting in good faith, this should have aroused your suspicion.

The Counsel for the defence: Did witness, Waterlow, approach the Governor direct



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JAN 28 1927



# AMERICAN BANK NOTE COMPANY.

SUBJECT FALSIFIED PORTUGUESE BANK NOTES

New York

TO NEW YORK FROM WASHINGTON

DATE January 26, 1927.

Sheet No. 5

on the 7th January, without Marang's intermediary.

Witness: Yes, that is so. I sent the letter by post. I have no knowledge of statements of accused regarding his relationship towards DOS REIS.

Counsel for the defence: Do you ever print bank-notes on orders received from private persons?

Witness: Yes, provided the person can prove that he is an authorized agent.

The witness concluded by stating that Waterlow & Sons have on record the signatures of the Directors of the Portuguese Bank and Marang gave instructions that these be used.

## Previous Contracts with Portugal

The next witness, Mr. F. W. GOODMAN, Director of Messrs. Waterlow & Sons, afforded certain explanations in connection with former contracts with Portugal, which, as he believed, were printed and not typewritten, as was the first contract handed over by Marang.

Mr. Waterlow was then re-called and, at the request of the Public Prosecutor, declared that the signatures of the Directors of the Portuguese Bank were not obtained direct, as stated by accused during a previous examination. Witness (Waterlow) had compared the signatures with previous signatures.

The following witness, Mr. R. S. Springall, assistant in the firm of Waterlow & Sons, stated that he was present during one of Marang's visits, when he gave orders for printing. He believed that accused acted as representative of the Portuguese Bank.

Witness stated further that the entire matter was treated as confidential; only one of the Directors of Messrs. Waterlow was aware of the transaction. The accused had asked him for a statement of the names of the Directors of the Portuguese Bank, whose signatures were in the possession of Messrs. Waterlow, and the series and numbers of the bank-notes previously printed for Portugal. Accused specified the date on which the bank-notes should be delivered. The cases in Court contained specimens of these bank-notes.

The Public Prosecutor: Two bundles of 1000 bank-notes each were missing in one of the cases.

The Accused: I did not have the keys; these were in the possession of Bandeira, the brothers of the ex-minister

The Public-Prosecutor: But you were nevertheless responsible for same; you had to deliver them to Dos Reis? It certainly concerns you, if an amount of f. 120,000 is so slightly taken out of the cases. Did you get no receipts?



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JAN 28 1927



**AMERICAN BANK NOTE COMPANY.**SUBJECT **FALSIFIED PORTUGUESE BANK NOTES****New York**

TO NEW YORK FROM WASHINGTON

Sheet No. 6

DATE January 26, 1927.

The Accused: I was not responsible, because I did not have the keys.

The Public Prosecutor: This must then have been an insane situation.

Witness (Springall) continuing his evidence, stated that he discovered that the numbers specified in the order of 22d July, 1925, had already been printed previously. In reply accused stated that he immediately wrote to Dos Reis in the matter, who then approached Lisbon. Accused alleges that he showed Springall the letter which was received in reply. Witness stated that he had no recollection whatever of such.

MR. R. EINHORN, Banker of Amsterdam, gave evidence to the effect that in September, 1924, he had a conference with Bandeira & Hennies regarding the flotation of a loan for Portugal, as security for which Portuguese bank-notes would be deposited. Bandeira then said that a portion of the profit would have to be reserved also for one of his relations, a Portuguese Cabinet Minister, so as to obtain the cooperation of the Portuguese Government.

MR. J. J. KUITEMA, the accused's chauffeur, stated that accused frequently motored to the Hook of Holland, being often accompanied by Jose Bandeira, brother of the Portuguese Ambassador. They often took large cases with them bearing labels of the Portuguese Legation.

A calligraphic expert declared that microscopic examination of the signatures shows that both those on the letters as well as on the bank-notes are false, with the exception of the signature of Dos Reis.

MR. J. A. M. WAP declared that the Portuguese Ambassador and his brother were not of a high financial standing.

MR. CAMACHO RODRIGUESZ, Director of the Bank of Portugal, gave evidence to the effect that the signatures are counterfeit. He had no knowledge whatsoever of the project. The Council of State held the powers of decision regarding any loan, should such an issue be necessary.

According to witness, counterfeiture of the other issues would account for the duplication of the numbers. A lengthy debate ensued as to whether the bank-notes produced are genuine or counterfeit. Witness stated that as so many small bank-notes are printed, they were all given the same letters and numbers for facility's sake! (hilarity).

Witness was unaware as to whether an agreement had been concluded between Dos Reis or Hennies and the Government of Angola. The announcement in a Portuguese journal "Batalja" regarding confidential issues of the Portuguese Bank, said witness, is incorrect.



AMERICAN BANK NOTE COMPANY

New York

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JAN 28 1927



# AMERICAN BANK NOTE COMPANY.

SUBJECT      FALSIFIED PORTUGUESE BANK NOTES

New York

TO NEW YORK FROM WASHINGTON

Sheet No. 7

DATE      January 26, 1927.

MR. J. DE METTA GOMESZ, Sub-Director of the Portuguese Bank, stated that he presided during the absence of the Governor of the Council of State. He had at the time objected to the establishment of the Bank of Angola, for the reason that Reis, who was no reliable, was engineering the project.

MR. F. E. DA SILVA, Administrator of the Portuguese Bank at Lisbon, stated that the Bank had suffered a loss of £1,000,000 through counterfeit issues. According to him, Bandeira and Reis had a bad reputation. Regarding the issue of duplicates, this was effected for small bank-notes but not for larger denominations.

The evidence of Mr. Marang's Accountant showed that the firm of Marang was indebted to the Rotterdamsche Bank in 1924 to the extent of f. 350,000 - but in 1925 had a credit balance of f. 130,000.

MRS. DE JONG, known as Mrs. Fie Carelsen, stated that she received a small iron case for storage from Jose Bandeira. She was not aware of its contents but handed it over in December 1925 to the Portuguese Ambassador, the brother of Jose Bandeira. She remembered that a conference took place at that time at the residence of the Portuguese Ambassador between Marang, Camera and Jose Bandeira.

MR. VAN RAALTE stated that the accused immediately took steps to have the Portuguese Government cause an investigation to be made into the contracts, etc. Witness, with the approval of Marang, showed the documents to the Portuguese Authorities. Marang was prepared to do all in his power to place the documents in the hands of the Legal Authorities, but witness dissuaded him from taking such a step in view of the civil suit pending against him, as also of the visit to Portugal which Marang had intended to make for the purpose of clearing the matter.

MR. Y. BODZINGA, Custom-house Officer at the Hook of Holland, stated that accused and Bandeira frequently travelled to England with large trunks. Bandeira's diplomatic passport which bore a special visae, prevented the luggage from being inspected.

MR. J. E. T. H. de JONG, Marang's ex-secretary, stated that his impression was that Bandeira, Hennies and Marang were joint traders. There was a conference at Brussels in 1925 between Hennies, Marang and van Raalte. Marang had a letter composed for despatch to Waterlow & Sons, London. Witness thought that this concerned shares in the Bank of Angola. Later, when the law intervened, he concluded that the letter referred to Portuguese bank-notes.

## Examination of the accused.

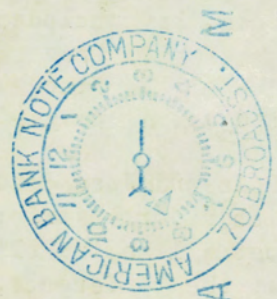
Accused stated that he knew Hennies for ten years, Reis and Jose Bandeira for a shorter period. Bandeira and Reis came over from Lisbon for a conference in The Hague with the Banker Einhorn. They desired to float a loan in Holland, with escudo bank-notes as security. Marang was present at the conference, but took no part in the project. He would derive benefit, provided he succeeded in cashing the escudos.



AMERICAN BANK NOTE COMPANY

New York

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JAN 28 1927



# AMERICAN BANK NOTE COMPANY.

New York

SUBJECT FALSIFIED PORTUGUESE BANK NOTES

TO NEW YORK FROM WASHINGTON

Sheet No. 8

DATE January 26, 1927.

He transacted business, inter alia, with the Portuguese Ambassador in the purchase and sale of copra, such transactions involving an amount of £ 1,000,000. His impression was that the Bandeira brothers assisted each other in every way possible. According to accused, the signature on the contract is genuine.

Reis received f. 100,000 at the time. Accused understood that Reis was to use this sum to entertain the high officials in Portugal, with the view to closing contracts. Waterlow & Sons had the contracts and covering letter examined by their Notaries and Advocates, who raised no objections. The Bank of Portugal even wrote to Waterlow that they were to follow accused's instructions. On one occasion, the Portuguese Ambassador telephoned to him to send Reis £ 5,000--to be utilized as "pour boires" for the high officials at Lisbon.

Accused always believed that he was dealing with people of high standing. Seeing that the contracts were signed by the Viceroy of Angola, the Governor of the Bank and others in high authority, accused believed that he could rely on same. Furthermore, the Portuguese Ambassador had given him a letter of recommendation to parties in Portugal, in which mention was made of an official issue with which accused was entrusted. "How could I have entertained any doubts, with such a document in my possession?" He stated that he did not know that the Ambassador was also connected with the plot. On the Public Prosecutor's statement that he held proofs that accused did know of the Ambassador's connection in the project, the accused remained silent.

The Accused believed that it was permissible for him to handle the matter, seeing that the Director of the Portuguese Bank was associated with it and that one of this Bank's Directors is a Mr. Ulrich, a brother of whom is Director of the Banco-Ultra-Marino, which latter Bank held the exclusive right to circulation of bank notes for Angola. For this reason, it was desired to observe secrecy in the matter.

The Ambassador, Antonio Bandeira, was thoroughly acquainted with the matter, but was however not aware that the bank-notes were counterfeit. He was to attend to the printing of the notes, their transport to Holland, the placing of the loan and the defraying of out-of-pocket expenses. As regards Reis, accused now realizes that he has fallen into the hands of a forger and swindler. Reis was the confidential assistant of the High Commissioner, which gives accused reason to believe that the latter was also aware of the plan. The High Commissioner is alleged to have said that the authority for the issue would be transferred from the Banco-Ultra-Marino to the Banco di Angola. As a result of this, the Banco-Ultra-Marino regarded Reis as a competitor and therefore instituted a campaign against him.

Accused acted solely on instructions received from Reis. When accused heard that Reis and Bandeira were arrested in Portugal, he had the cases of bank-notes removed from his house, because he did not wish to have anything to do with them.



AMERICAN BANK NOTE COMPANY

New York

NEW YORK, JAN 28 1927

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JAN 28 1927



# AMERICAN BANK NOTE COMPANY.

New York

SUBJECT FALSIFIED PORTUGUESE BANK NOTES

TO NEW YORK FROM WASHINGTON

Page 9

DATE January 26, 1927.

THE PUBLIC PROSECUTOR, Dr. Bauduin, on behalf of the crown, divided his speech into three parts, viz: 1. General remarks; 2. the charge; 3. Observations as to whether the accused acted in good faith.

The accused has continuously resorted to camouflage. Reis and Bandeira were known to have a bad reputation. Antonio Bandeira, the Ambassador, furnished diplomatic passports and documents.

The financial standing of Marang in 1924 and 1925 appeared to be very unfavourable. It is impossible to conceive that the bank of Portugal would transact business with a person of such a standing who was allied with individuals of bad repute, and would entrust him with the printing of bank-notes.

Marang had a diplomatic-passport for Libaria, hennies for Brazil, and Jose Bandeira for Portugal; and at their side stood Antonio Bandeira, who lent a seal of distinction to the whole affair, thereby avoiding the scrutiny which the passage of goods and letters would otherwise have been subjected to by the Legal and Police Authorities. They have committed a gross abuse of confidence. The Public Prosecutor, therefore, called for a sentence of four years imprisonment, without deduction of the term of imprisonment on remand.

ADVOCATE ROLANDUS HAGEDOORN, Counsel for the defence, stated that he had expected there would be stronger evidence against the accused, seeing that the case concerned was a serious one. The accused had greatly facilitated the investigation made by the Legal Authorities. He acted on orders received from Reis and such actions was performed by him entirely in good faith. Furthermore, it appears from Portuguese journals that Reis was a very rich man in 1924 and 1925 and therefore by no means a "non-valeur".

Nobody discovered that the contracts were forged, so that even Waterlow & Sons had to assume that the transaction was perfectly in order. Investigation has shown that Marang himself has never uttered a single note.

The illustrious contract of the 11th February is one of the strongest points of evidence that Marang acted in good faith. Forgers would never have made an arrangement of this nature, but would merely have said "three million each".

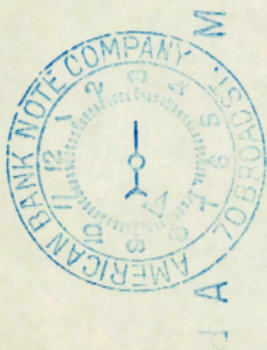
Marang had nothing to conceal. He only followed the advice of his councillors and was very happy to get possession of the contracts, for the reason that he hoped to prove his innocence thereby. Concluding, counsel pleaded that Marang had established that he acted in good faith. He enjoyed the official support of the Ambassador. Further facts which plead for him are his open dealings and publication of his transactions, his having approached Waterlow and Enschede, his retention of the forged contracts, his having returned to Holland of his own volition, his reports to the Press, his having released Advocate van Raalte from professional secrecy, and his having surrendered all his correspondence.



New York

AMERICAN BANK NOTE COMPANY

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JAN 28 1927



**AMERICAN BANK NOTE COMPANY.****New York****SUBJECT** FALSIFIED PORTUGUESE BANK NOTES**TO NEW YORK FROM WASHINGTON****Sheet No. 10.****DATE** January 26, 1927.

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The judgment of the Court, which was pronounced on December 10, 1926, read that Marang was convicted only on the charge of receiving (storing or concealing counterfeit bank-notes), the sentence being eleven months' imprisonment, with the deduction of the eleven months' imprisonment on remand, so that he was discharged immediately. This is nearly the maximum penalty of 12 months the Court can impose for the offence of receiving. According to the Court, the accused has displayed an entire lack of conscience in transacting business.

Both counsel for the defence and the Public Prosecutor have filed an appeal against this sentence.

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*Joseph H. Bagley*

*Wash. office copy (10 sheets)  
destroyed Dec 1932*



New York

AMERICAN BANK NOTE COMPANY

Series

NEW YORK, N.Y. JAN 28 1927

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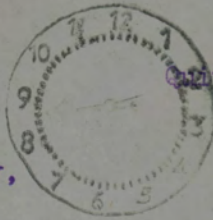
JAN 28 1927



ECUADOR.

LETTER No.35.

FOREIGN DEPT.



Quito, January 31, 1927.

Messrs. American Bank Note Company,  
New York.

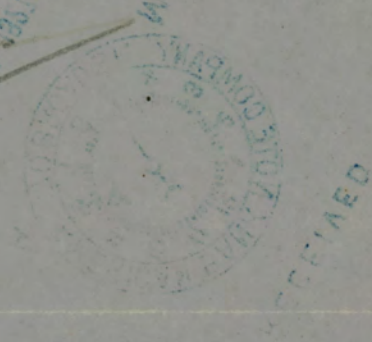
Dear Sirs:

BANK OF PORTUGAL.

I am duly in receipt of your favor of the 11th. inst., enclosing newspaper clipping in Portuguese regarding the trial of one of the parties implicated in the bank note affair; for which please accept my thanks.

Yours very truly,

*H. K. K.*



PACKET 500



January 21, 1927

Laurel, American Bank Note Company,  
New York.

Dear Sirs:

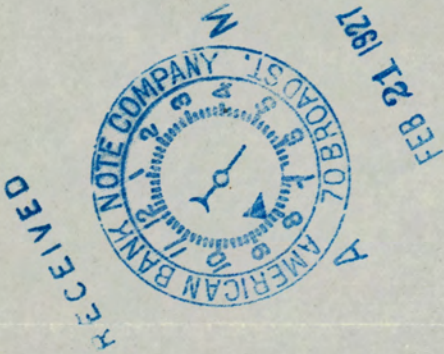
BANK OF AMERICA

I am duly in receipt of your favor of the 11th inst., enclosing newspaper

clipping in reference regarding the trial of one of the parties involved in

the bank note affair; for which please accept my thanks.

Yours very truly,





C.P.R.  
FEB -3 1927

WASHINGTON

FALSIFIED PORTUGUESE BANK NOTES  
(Summary of trial.)

February 2, 1927.

We were very much interested in reading the summary of this trial, sent us under date of January 26th and what we have learned should prove useful to us.

We note by the last paragraph of Mr. J. F. Van Wickel's letter ( Commercial Attaché at The Hague ) that he expects to be reimbursed by some one for having to engage an outside translator. We do not know whether you requested this report or not, but think perhaps it would be well to offer to pay this amount of \$4 if you think well of it.

FWG/IW

OTHER COPY IN  
PACKET 248

*Wash. office copy destroyed Dec 1932*



Feb. 3, 1927

extract from WAC letter ..... orig. in pkt of Banque Belge pour l'Etranger

"I called on Mr. Ramelot .....He also mentioned the  
forthcoming suit of the Bank of Portugal against Waterlow,  
so that this matter seems to be one of common knowledge"



Feb. 4, 1927

See W.A.C.'s letter re NEWSPAPER CLIPPINGS filed in FOREIGN CLIPPINGS Packet #1133

THE TIMES (ANNUAL FINANCIAL AND COMMERCIAL REVIEW), TUESDAY, FEBRUARY 1, 1927.

## PORTUGAL.

### THE BANK NOTE SCANDAL.

(FROM OUR LISBON CORRESPONDENT.)

As in most countries, the year 1926 was one of bad trade in Portugal, intensified by the political troubles which have occurred.

When the year opened, public opinion was much perturbed by the revelations concerning the surreptitious issue of 500 escudos Portuguese notes. A group of individuals, working from Holland, had, it is alleged, by false pretences (they have not, with one exception, yet been tried), induced a respectable firm of bank-note printers in London to print and deliver notes of the same design as those in circulation, to the extent of some millions of pounds sterling. This was unknown to the Bank of Portugal, which has the sole right to issue Portuguese notes.

The Lisbon newspaper, the *Seculo*, was the first to call attention to the scandal, but already a new bank, the "Banco Metropole e Angola," had been formed, the capital of which was founded mostly on these notes.

A great number had already got into circulation and the Bank of Portugal, when it had knowledge of the affair, at once offered to redeem them, exchanging all notes of the same type, both original and spurious, for others of full value, thus avoiding a grave financial crisis.

One of the group has already been tried in Holland and sentenced to 11 months' imprisonment, against which sentence both prosecution and defence have appealed. The others, including an ex-Minister to Holland and an ex-Minister of Commerce, are under arrest in Lisbon, and awaiting trial.



# AMERICAN BANK NOTE COMPANY.

SUBJECT

BANCO de PORTUGAL  
COMPETITORS

FROM RIO DE JANEIRO TO NEW YORK

DATE Feb. 12th, 1927

FROM  
Rio de Janeiro  
TO  
New York

In compliance with the instructions contained in your letter of January 12th, I enclose herewith a translation of the two clippings from the November 26th, 1926, issue of the "Diario de Noticias" which, I presume, is published in Lisbon.

I consider this testimony of Sir William Waterlow's as more valuable than anything I have had to date. That he himself was the instrument by which the colossal fraud was perpetrated, while not impeaching his honesty in any way and which no one ever doubted, speaks volumes for his gullibility, be the cause therefor what it may.

Mr. Houghton told Dr. Miranda in Montevideo that the whole Angola scandal was a political maneuver and operation and, I am most reliably informed, gave him documentary proofs exonerating and completely rehabilitating Waterlow. Here in Rio, I am informed that the British Minister called on the Ministro da Fazenda and offered to "guarantee" Waterlow. Of course, the latter he could not possibly do without doing likewise for other British houses, including the Canadian Bank Note Company, but I have no doubt that he did advise the Ministro that Waterlow are again in good standing.

In short, Waterlow are proclaiming their "complete vindication", etc. and, to clinch the assertion, are making absurd prices. It is possible that Waterlow, to get in again, are willing to lose anywhere from 100 thousand pounds sterling up and charge the amount off to legal expenses and advertising. Whatever their game and method, we must employ every means to counteract them and put them in their place.

I would therefore suggest that, in connection with the Angola scandal, documentary proofs of Waterlow's culpability be compiled - commencing with the report of the directors of the Bank of Portugal to their stockholders in December of 1925 and including the Portuguese Government's bill of complaint and charges against Alves Reis et alii, the testimony of Sir William Waterlow and others. In short, anything which will put the Waterlow case precisely where it belongs. Citations of court decrees, charges, decisions, etc. should be made so as to eliminate any doubt and suspicion as to accuracy and authenticity which newspaper publications give rise to.

For myself, I would like to have these all in the original Portuguese and, with your permission, have them printed in pamphlet form here. Perhaps, BW's agent in Lisbon could compile the documents.

It is easier and much more effective to set the whole case thus before government officials and others which no amount of talk and reference to newspapers could do.

I have made several copies of the original Portuguese of the clippings you forwarded. I am holding these clippings before returning them to you as I desire to show them to various people. I would state that I am sending Montevideo and Buenos Aires copies of the Waterlow testimony.

Yours very truly,

*John H. Kane*

JL



NEW YORK  
MARCH 2, 1927

Dear Sirs:

I have the honor to acknowledge the receipt of your letter of the 28th inst. in relation to the above-captioned matter.

The same has been forwarded to the proper authorities for their consideration.

I am, Sir, very respectfully,  
Yours truly,  
[Signature]

I am, Sir, very respectfully,  
Yours truly,  
[Signature]

RECEIVED



MAR -2 1927

[Handwritten signature]



AMERICAN BANK NOTE COMPANY.

SUBJECT

BANK OF PORTUGAL

C.P.R.  
MAR - 4 1927

DATE March 3, 1927.

New York  
to  
Rio de Janeiro

We are indeed glad to have a translation of the clippings which you sent to us with your letter of February 12th. We have taken great interest in reading these, and especially the testimony of Sr. William Waterlow. Your report of the method adopted by Mr. Houghton to reestablish his firm evidences the character of the individual.

The writer has discussed with Mr. Woodhall your suggestion of having a pamphlet printed in Portuguese concerning the Angola scandal. He feels that it would be unwise to deliberately publish in such a form this affair, but that if anyone sufficiently interested in the matter wished to personally prepare an article or articles for the local papers without having us directly connected with it, it would be much better.

We believe you have all of the clippings etc. which we have received to date.

Yours very truly,

Asst. Manager Foreign Department

SHL/SD

OTHER COPY IN  
PACKET 593



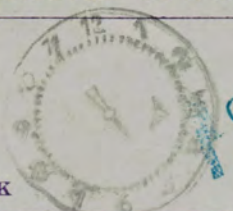
AMERICAN BANK NOTE COMPANY.

SUBJECT COMPETITORS.

FROM RIO DE JANEIRO TO NEW YORK

DATE March 18th, 1927

FROM  
Rio de Janeiro  
TO  
New York



*Cuk'd*  
*5/5/27*

I quote a report published in yesterday's "A Noite" of this city-

"NAO HA PAPELA NEM DINHEIRO COMO O NOSSO!"

O GONÇALVES, PORÉM, CEDO FICOU DISILLUDIDO

D. Barbara de Jesus Cardoso regressou de Portugal, onde fôra vender algumas propriedades, e trouxe de lá trinta mil escudos, em notas de 500, que lhe foram pagos por um estabelecimento de credito daquelle paiz. Um dia, porém, D. Barbara precisou de dinheiro e resolveu cambial-o. "Vae á cidade só para isto, D. Barbara? Não é preciso!" - o Sr. Gonçalves troca-o!"

Com effeito, o creado apresentou a senhora ao patrão, negociante Antonio Manoel Gonçalves, que, regateando muito, offereceu 270 por nota 500 escudos.

"Só isto, 'seu' Gonçalves?"

"Então, D. Barbara?"

A senhora, afinal, condescendeu e entregou á senhora a importancia de 1:350\$000 de nossa moeda e recebeu de suas mãos cinco notas de dinheiro portuguez.

Á hora da operação, o negociante, pondo os oculos, acariciou, entre o pollegar e o indicador, as notas portuguezes e disse, envaidecido, á patricia:

"Qual! Não ha papel, nem dinheiro como o nosso!"

E despediram-se.

Agora, o negociante, tendo de converter aquellas cédulas, ficou sabendo que ellas pertenciam á celebre emissão falsificada do Banco de Angola e, então, muito assustado, correu á policia e effereceu quixa ao Dr. Espozel Coutinho contra D. Barbara de Jesus.

Intimada, a senhora defendeu-se com grande segurança, de modo que o Sr. Gonçalves ainda ficou mais atrapalhado ainda.

"THERE'S NEITHER PAPER NOR MONEY LIKE OURS!"

BUT GONÇALVES WAS SOON DISILLUSIONED

Mrs. Barbara de Jesus Cardoso returned from Portugal whence she had gone to sell some properties, and brought back thirty thousand escudos in notes of 500 which had been paid her by a banking house of that country. One day, however, Donna Barbara needed some money and decided to change them.

"You are going to the city just for that, Donna Barbara? It's not necessary:- Mr. Gonçalves will change it!"

As a result the servant presented the lady to his master, the merchant Antonio Manoel Gonçalves, who, after much haggling, offered 270 for each 500 escudo note.

"Only that much, Mr. Gonçalves?"

"Well, Donna Barbara?"

Finally the lady agreed, and he handed the lady the sum of 1:350\$000

RECEIVED



RECEIVED



AMERICAN BANK NOTE COMPANY.

SUBJECT COMPETITORS

-2-

FROM RIO DE JANEIRO TO NEW YORK

DATE March 18th, 1927

FROM  
Rio de Janeiro  
TO  
New York

-2-

of our money and received from her hands five notes of Portuguese money.

On ending the transaction, the merchant, putting on his glasses, caressed the Portuguese notes between his thumb and index fingers, and said proudly to his countrywoman:

"Yes, indeed! There's neither paper nor money like ours!"

And they bid each other good-bye.

Now, the merchant having to change those notes, became aware that they were part of the famous illegal emission of the Banco de Angola and, then, greatly worried, ran to the police and entered a complaint to Dr. Espozel Coutinho against Donna Barbara de Jesus.

On being cited, the lady with great assurance so defended herself that Mr. Gonçalves was muddled up still further.

Referring to my letter of February 12th and Sir William Waterlow's testimony, it would be a help to have a list, with specimens if possible, of the work of competitors, including ourselves, which Waterlow have copied.

Yours very truly,

JL

OTHER COPY IN  
PACKET 593



FROM  
New York  
TO  
Rio de Janeiro

March 18th, 1927

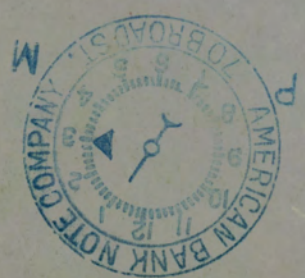
CONFIDENTIAL

-2-

of our money and received from her hands five notes of Portuguese money.  
On seeing the transaction, the informant, looking on his fingers, counted the Portuguese notes between his thumb and index fingers, and said proudly to his accomplice:  
"See, friend! There's neither paper nor money like ours!"  
And they left each other good-bye.  
Now, the informant having to change these notes, he came aware that they were part of the famous five, a mission of the same kind as he had done. He said, "I'm not a fool, I'm a thief!" and he went to a counting house to Dr. Agostinho Goncalves, a friend of his, to ask for help. On being told, the lady with great pleasure he delivered her all that Dr. Goncalves was enabled to still further.  
Referring to my letter of February 18th, and all within Webster's testimony, it would be a help to have a list, with specific possibilities, of the work of computer, including ourselves, which letter have copied.

Yours very truly,  
*John Doe*

APR - 2 1927





NOTE COM  
C.P.R.  
MAY -6 1927

## COMPETITORS

**New York  
to  
Rio de Janeiro**

DATE May 5, 1927.

In compliance with your suggestion, we are sending you this day  
under separate cover by registered mail -

✓	1	die	proof	of	the	Banco	Americano	de	Guatemala	1	peso	Series	A	note	face
	1	"	"	"	"	"	"	"	"	"	"	"	"	"	back
✓	1	"	"	"	"	Banco	Salvadoreño	1	colon	note	face				
	1	"	"	"	"	"	"	1	"	"	back				

These proofs are of bank note engravings which we prepared for these two institutions and from which notes were printed.

We also enclose:

✓ 1 note Banco Americano de Guatemala 1 peso Serie C No. 015679 dated  
January 26, 1923

✓ 1 note Banco Salvadoreño 1 colon Serie A No. 510018 dated  
November 1, 1924

These notes, as you will observe, were engraved by Waterlow & Sons, London, and apparently were intentional reproductions of our work. In addition to bank notes this concern, as well as Perkins Bacon and De la Rue have copied engravings of ours, especially in stamps and commercial work.

These notes, which we are sending you, we have charged to your office. Will you kindly acknowledge receipt of same.

Yours very truly,

OTHER COPY IN  
216  
PACKET

SHL/SD

Manager Foreign Department



AMERICAN BANK NOTE COMPANY.

SUBJECT

BANK of PORTUGAL  
Competitors

C.P.R.  
JUN 17 1927

FOREIGN

FROM RIO DE JANEIRO TO NEW YORK

DATE May 24th, 1927

FROM

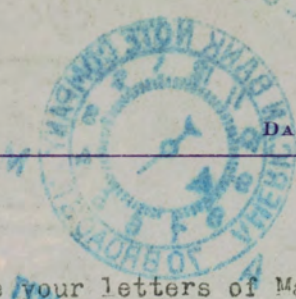
Rio de Janeiro

TO

New York



JUN 18 1927



I have your letters of March 3rd and May 5th. In connection

with the latter, I received to-day four die proofs of our notes-

- (2) Face & Back 1 peso Note Serie A Banco Americano de Guatemala
- (2) " " 1 colon " Banco Salvadoreño

and two circulating notes printed by Waterlow-

- 1 peso Banco Americano de Guatemala Serie C 015679 January 26th, 1923
- 1 colon Banco Salvadoreño " A 510018 November 1st, 1924

I would say that Waterlow are absolute pirates and ought to join forces with the Reichsdruckerei. These specimens should prove handy and helpful at some time.

I note Mr. Woodhull's desires in connection with the Angola scandal. The newspapers announce that several prominent Portuguese, including Innocencio Camacho Rodrigues, are going shortly ~~into~~ to The Hague to testify in the Marang trial.

Yours very truly,

JL

OTHER COPY IN

CKET. 216



FROM  
Rio de Janeiro  
TO  
New York

RECEIVED



JUN 17 1927

Dear Sir:

I have the honor to acknowledge the receipt of your letter of the 14th inst.

in relation to the matter of the deposit of the sum of \$100,000.00 for the purpose of the purchase of the bonds of the City of Rio de Janeiro.

I am sorry to hear that you are unable to make the deposit at the present time. I am sure that you will be able to do so at a later date.

I am sure that you will be able to make the deposit at a later date.

I am sure that you will be able to make the deposit at a later date.

I am sure that you will be able to make the deposit at a later date.

*Handwritten signature*



C. P. P.  
NOV 30 1927

Contrefaçons et Falsifications

Billets de Banque, Monnaies, Chèques, etc.

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Édité par  
Les Dossiers Financiers "Système Keesing"  
215, Chaussée d'Ixelles, 215  
Bruxelles



C.F. 11  
NOV 30 1927

note B.M. 11/30/27

TRANSLATION

FALSE NOTES AND CURRENCY

-----

November 1927.

PORTUGAL

Note of 1,000 Escudos

"Banco de Portugal" - Lisbon

Serie "Ch.1" with effigy of Luiz de Camoes

*Do not know  
whether or not this  
is B.M.*

According to advice just received, false Portuguese notes of 1,000 Escudos of the above series are at present in circulation. These counterfeits, it would seem, are very well executed. The distinctive signs cannot as yet be indicated, as the editors have not for the present in their possession any counterfeits nor an official description.

Note: The editors earnestly request all administrations, banks, etc. to be immediately advised, should one of these counterfeits be presented thereto.

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(SD)

COPY SENT TO B. W. & CO. 11/30/27



DEPARTMENT OF COMMERCE

BUREAU OF FOREIGN AND DOMESTIC COMMERCE

WASHINGTON

C.P.R.  
JAN -4 1928

December 30, 1927.

Refer to 25e.

American Banknote Company,  
70 Broadway,  
New York, N. Y.

Gentlemen:

Please refer to previous correspondence in connection with trial of Marang van IJsselveere in the Society Island banknote fraud case. As of possible interest to you I am attaching copy of a letter just received from the Commercial Attache at The Hague.

Very truly yours,

*C. J. Junkin*

C. J. Junkin,  
Chief, Commercial Laws Division.

Inclosure 71209.

Letter Regarding Above Sent to :

Paris Office (Paris office ack. 1-16-28 filed in 1138)  
J. H. Bagley

On January 3, 1928.



RECEIVED



JAN 3 1928

JAN 3 1928



**INCLOSURE 71209**

**FROM**

**DEPARTMENT OF COMMERCE**

**BUREAU OF FOREIGN AND DOMESTIC COMMERCE**

**Form 9**

**11-3855**



Office Commercial Attache  
American Legation  
The Hague

31 Prinsessegracht,  
The Hague, Netherlands,  
December 7, 1927.

No. 205

Director,  
Bureau of Foreign and Domestic Commerce,  
U.S. Department of Commerce,  
Washington, D.C.

Attention: Commercial Laws Division.  
Subject: Portuguese Bank Note Case.

Dear Sir:

About a year ago we submitted, at your direction, for the American Banknote Company a report concerning the trial of Maxang van IJsselveere in the Society Island banknote fraud case. It has occurred to me that the American Banknote Company would be interested to know that the Council of State, the Court of highest instance, yesterday delivered its decision in the final appeal of the accused. The Court rejected van IJsselveere's appeal. So the previously imposed sentence of 2 years imprisonment stands.

Very truly yours,

Jesse F. Van Wickel,  
Commercial Attache

VW-W



C.P.R.  
JAN - 1928

FOREIGN DEPT.  
A.E.N.C.O.  
M



P

JAN - 1928



June 3-1928

Letter to JHB - Washington

is filed in #248



C.P.R.  
JAN -4 1928

January 3, 1928.

Your reference 25e.

Department of Commerce  
Bureau of Foreign and Domestic Commerce,  
Washington, D.C.

Attention C.J. Junkin, Esq.,  
Chief, Commercial Laws Division.

Dear Sirs:-

We acknowledge receipt of, and thank you for, your letter of December 30th, enclosing us copy of the letter from the Commercial Attaché at The Hague (enclosure No. 71209), regarding the Portuguese Bank Note case.

What you tell us is most interesting and we are very much obliged to you for this information.

Yours very truly,

Manager Foreign Department.

FWG/IW



C.P.R.  
FEB 29 1928

PARIS

CONTREFAÇONS ET FALSIFICATIONS.

Attention of Mr. Claudet

February 27, 1928.

We are enclosing herewith a page from the above publication, in connection with the Waterlow Portuguese bank note matter, which we thought you would like to read.

This is practically the only printed record we have seen in regard to this case, where one might say that Waterlow could actually be accused of carelessness in connection with this affair.

The writer first thought of sending a translation of it to all of our various agents, but in turning it over in his mind he now feels that perhaps it would be just as well to give it only to Mr. John Lane, Mr. Sleight and Mr. Williams. However, will do nothing until we receive an opinion from you.

After all it does not amount to so very much and promiscuous "mud slinging" does not very often pay.

It might be well for the men I have mentioned to know of it and where it was published, so that if at any time the matter should come up they could refer to it and say where it had been published.

I thought that both you and Captain Courtney would also like to have a record of it. After you have finished with it will you be good enough to send this page back, so that we may put it in our book.

Yours very truly,

OTHER COPY IN  
PACKET 316-1138

Manager Foreign Department.

FWG/IW

DUPLICATE SENT



FALSE BANK NOTES AND COINS

February 1928.

PORTUGAL

Marang, Karel, alias  
Marang Van Ysselveere

C.P.R.  
FEB 29 1928

Marang, Karel, alias Marang Van Ysselveere, 42 years old, born in Dordrecht, Holland, is a member of a gang of malefactors, who have succeeded - through fraudulent manoeuvres, by means of a false contract and false letters - in having prepared for them, by the firm "WATERLOW AND SONS, LIMITED", London, a very large quantity of Portuguese notes of 500 escudos (plate No. 2 with portrait of Vasco de Gama).

These swindlers transported these notes in Holland, then into Portugal, where they were placed into circulation. They avoided customs inspection by presentation of documents and diplomatic letters of introduction, which they obtained by fraudulent means.

A part of the false portuguese notes was found in Holland at Marang's. Marang was condemned, June 27th 1927, by the Court of Appeal at the Hague, to two years of prison, for the receiving of stolen goods; however, he escaped from this sentence by flight. It is supposed that he is in Brussels or Paris and that he has placed in safety in one of these cities his part of the gain resulting from fraudulent manoeuvres.

Holland has not issued any warrant against Marang, and has not requested his extradition. (Holland cannot request Marang's extradition and, consequently, cannot issue a warrant against him, because the receiving of stolen goods is not mentioned as a cause for extradition of malefactors, in the Dutch convention.

Marang was in possession of a diplomatic passport qualifying him as secretary of the Liberian Legation at Moscow. This passport has been recognized as false by the Liberian Government. It is to be feared that Marang will attempt to make use of his pretended "diplomatic relations" to introduce himself in the commercial world.

Information concerning the present place of sojourn of Marang is to be addressed to "Nederlandsche Centrale in zake Falsificaten, Gerechteshof te Amsterdam", in Amsterdam, or to the Rédaction des "Erkennungszeichen", Vienna I.

(See photograph of Marang C 2).

*Original sent Mr. Cloutier*  
*in Paris*

(SD)



## AMERICAN BANK NOTE COMPANY.

SUBJECT CONTREFACONS ET FALSIFICATIONS

TO NEW YORK FROM PARIS

C.F.R.  
MAR 23 1928

DATE

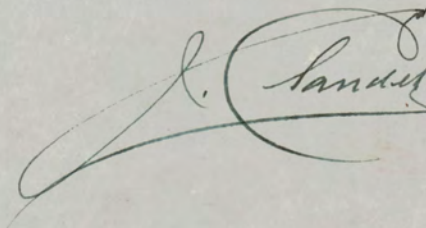
March 12, 1928

Paris  
to  
New York

With reference to your letter of February 27, enclosing a report of "Faux Billets de Banque et Monnaies", concerning the Portuguese notes made by Marang, I think this is information that our agents should have, so that they will be in possession of the facts. I have had copy made for our files here, and have taken knowledge of the same.

I return the original herewith.

Very truly yours



JC-G

Copies sent - dated Mar. 21st. - to .....

C.T. Blackmore

RIO OFFICE

H.L. Williams

OTTAWA

H.F. Payne - Mar. 23. 1928

OTHER COPY IN

PACKET

314

(ack. of 3-21-28 letters to  
agents filed in Agents respective packets.)



Paid  
to  
New York

AMERICAN BANK NOTE COMPANY

TO NEW YORK CITY

DATE

FOREIGN DEPT.  
A.B.N.CO.

M



MAR 20 1928

A

RECEIVED



MAR 20 1928

GREENMAN BOND



PARIS

CONTREFACONS ET FALSIFICATIONS

C.F.B.  
MAR 22 1928

March 21, 1928.

In accordance with Mr. Claudet's suggestion, we are having a copy of this article made and sending it to each one of our offices and travelling men.

Yours very truly,

Manager Foreign Department

FWG/SD



FALSE ISSUE PORTUGUESE NOTES MADE BY WATERLOW

OTTAWA

C.P.B.  
MAR 22 1928

March 21, 1928.

We enclose you herewith a translation of an article which appeared in the publication "Contrefaçons et Falsifications", published in Brussels, giving information regarding both counterfeits and false notes.

We thought this information might prove useful at some time or other, whenever this matter comes up.

Yours very truly,

Manager Foreign Department

FWG/SD



AMERICAN BANK NOTE COMPANY.

SUBJECT

FALSE ISSUE PORTUGUESE NOTES MADE BY WATERLOW

TO NEW YORK FROM OTTAWA

DATE

March 23rd, 1928.

Ottawa

Attention Mr. F. W. Gullett - Manager, Foreign Department.

We thank you for your letter of March 21st, enclosing a translation of an article on the above mentioned subject. We are very glad to have your information and would appreciate it if you would keep us advised as to any future developments.

Have you ever received any information as to whether Waterlow and Company had to make any payments to the Bank of Portugal in the way of reparation for these frauds?

CGC/EM

*A. J. Borwan*  
General Manager.



FOREIGN DEPT.  
A.B.N.CO.



A

M

MAR 24 1928

RECEIVED



MAR 24 1928



FALSE ISSUE PORTUGUESE NOTES MADE BY WATERLOW.

OTTAWA

C.P.R.  
MAR 27 1928

March 26, 1928.

We have your letter of March 23rd.

So far we have not heard whether Waterlow ever had to pay the Bank of Portugal anything in the way of reparation for this issue. Had this ever gotten out we imagine we would have been advised by B.W. & Co. If we hear anything we shall inform you.

---

FWG/IW

Manager Foreign Department.

OTHER COPY IN  
216  
PACKET



SPECIMENS

PARIS  
TO  
NEW YORK

June 18, 1928.

Will you please take note that I am returning to you, Miss Putnam having kindly taken charge of them, the followings:

- 1 French 50 Francs note and photographs
- 2 Hungarian Note Specimens photographed with Mr. Treadwell's report.
- 3 Turkish Bank notes - National Bank of Switzerland
- 4 Banco de Portugal - copy of report and Newspaper clippings

Would you please acknowledge receipt of these for our files?

I would ask also that you kindly acknowledge receipt of the specimens sent you on May 10th. If for any reason they have not already come to hand, I should prefer to know it so that I may look the matter up.

Very truly yours,

B. H. GREGG

OTHER COPY IN  
PACKET 1138

*ack. 7-12 filed in  
Paris office packet.*



AMERICAN BANK NOTE COMPANY.

SUBJECT

Competitors

C.P.R.  
FEB - 7 1929

*Segunda Via*

DATE January 7th, 1929

FROM  
Rio de Janeiro  
TO  
New York

I quote from the Financial Times (London) of December 6th, though you most probably have the clipping in your files:

It may have been noticed that the new Treasury notes, if rubbed on a piece of white paper, will leave some of their colour on the latter. This is particularly so with the £1 notes, in which connection it is slightly humorous to find that the Bank of England, when sending them out, issued to cashiers a little sheet of instructions among which it is stated that, although the handling of the notes may cause at first some of the colour to be transferred from the notes to the hands, the colour can be removed by the application of soap and water. The Old Lady's grandmaternal solicitude offers a splendid opportunity for an enterprising soap advertisement.

The "Diario Carioca" of Rio carries a daily article by Artur Portella, Lisbon, under the heading, "Portugal in Thirty Lines". That of November 15th, published in the Rio daily on December 12th, is about the Angola scandal and carries the sub-title, "The Great Fraud". I translate a part of it:

Alves dos Reis and his real accomplices, all employees of the extinct Banco de Angola e Metropole, are in jail awaiting sentence. To make some amends for the losses suffered by the Bank of Portugal, all the property of the crooks is being sold at public auction. Land, palaces, silverware, cut glass, furnishings and even clothes for ordinary use. All in good condition; all of the best. This is what the newspapers are reporting, following justice step by step which is bargaining off the remnants of an exploit unparalleled, and perhaps the only one of its kind, ~~the~~ the entire history of robbery. Unfortunately, the proceeds from the sale of the property, even including the money recovered from the crooks and which was deposited in foreign banks, will not cover a fifth of the amount stolen.

I never heard what the outcome was of the suit brought



FROM  
Rio de Janeiro  
TO  
New York

AMERICAN BANK NOTE COMPANY

RECEIVED

RECEIVED

RECEIVED



FEB -7 1929



AMERICAN BANK NOTE COMPANY.

SUBJECT

Competitors

-2-

DATE

January 7th, 1929

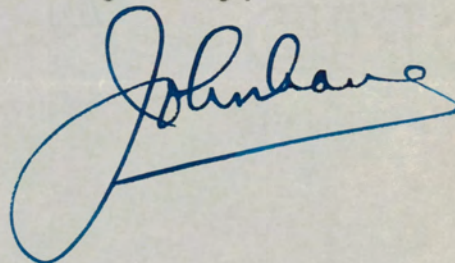
FROM  
Rio de Janeiro  
TO  
New York

by the Bank of Portugal against Waterlow.

I would here acknowledge receipt of your letter  
of October 24th.

*Filed in 510*

Yours very truly,



JL

OTHER COPY IN  
PACKET 11 City of England



FROM  
Rio de Janeiro  
TO  
New York

AMERICAN BANK NOTE COMPANY

RECEIVED



FEB -7 1929



AMERICAN BANK NOTE COMPANY.

New York

to

Rio de Janeiro

SUBJECT

COMPETITORS

DATE

February 6, 1929.

We acknowledge receipt of your letter of January 7th in which you quote from the Financial Times (London) relative to the £1 Treasury note.

Any steel plate ink will rub, however, the higher the grades of pigment and the vehicle the greater the resistance to abrasion.

As to the Bank of Portugal incident we have received no further information of late.

Yours very truly,

Asst. Manager Foreign Department

shl/sd

OTHER COPY IN

BACKET

11 Bk of England



Sept. 21, 1929

extract from Herrera letter ..... orig. filed in Waterlow Sons & Co. Pckt #216

"Mr Houghton did not dare to treat the matter of the incident which occurred with the notes printed by them for the Bank of Portugal when talking in the Banco de la Republica - but he did do so when talking with the Superintendent of Banks, to whom he stated that in this regard nothing had happened and that all that had been published was the result of a campaign of competition developed by the A.B.N.Co. to discredit the work of the house of Waterlow & Sons, since the Bank of Portugal, nor the Government of that country, had made any claim. To contradict this statement I presented to the office of the Superintendent of Banks a Copy of the "EXTRACT FROM A REPORT BY THE DIRECTORS OF THE BANK OF PORTUGAL TO THEIR SHAREHOLDERS AT A MEETING HELD ON THE 24TH. DECEMBER 1925 IN CONNECTION WITH FORGED ESCUDO NOTES" and to this I added the information contained in your letter of December 30, 1925. Thus the truth of the affair was re-established."



December 3, 1929.

extract from H.L.H. letter ..... orig. filed in AVRAMOFF packet # 1259

"Mr. Gibbs, who is at present in Bucarest, writes us that he happened to run into Mr. Westall, of De la Rue's ..... Westall also told him that Waterlows had settled the Bank of Portugal case by the payment of £600,000, but we can get no confirmation of this."



January 31, 1930.

Joseph Claudet, Esq.,  
c/o Mr. A. G. Nicolopulo,  
34 Rue Scoufa,  
Athens, Greece.

Dear Sir:-

BANK OF PORTUGAL ✓

We are enclosing herewith a newspaper clipping from the New York Times of January 19, 1930, in connection with the Waterlow and Bank of Portugal affair, which is self-explanatory.

Yours very truly,

Manager Foreign Department.

FWG/IW

(January 31st.  
(Also sent to .....

H.L. Williams  
C. T. Blackmore  
Jorge Herrera-Tanco (NYC)  
J. Lane

Jan'y 28 .... to

CHINA

OTHER COPY IN  
PACKET 314 trip



C. P.  
JAN 19 1930

## \$5,000,000 INVOLVED IN BANK-NOTE FRAUD

Leading Personages of Portugal  
Accused in Duplication of  
an Entire Issue.

### MONEY NOT COUNTERFEIT

Reprinting of Currency Done by  
Officials on Fake Order From  
Bank of Portugal.

Special Correspondence of THE NEW YORK  
TIMES.

LISBON, Dec. 30.—Ringleaders of what is perhaps the most audacious attempt ever made to debase a nation's currency are scheduled for trial in Lisbon early in March. The bulk of some \$5,000,000 of unauthorized Portuguese national bank-notes was circulated through the scheme, but the strangest part of the situation is that the notes were not counterfeits, and the defendants cannot be brought to trial for counterfeiting.

These bank-notes, all of the 500 escudo denomination, were lithographed, numbered, and even watermarked by an English firm which for many years has counted the Bank of Portugal a valued client. In the present case the firm was apparently led to believe it had received an authentic order. A civil case, brought by the bank against the English firm, is pending in London but it is not alleged that the firm was conscious of the part it played in a fraud.

Two versatile and intelligent young Portuguese, Alva Reis and José Bandiera, together with two Hollanders named Marang and Heinnes, are the alleged authors of the scheme, uncovered some three years ago. Antonio Bandiera, a brother of José, and former Portuguese Minister to Holland, is also a defendant. Many persons are accused as accomplices, and most of those involved have been in jail since the plot was disclosed.

The plot started with the establishment of the Bank of Angola and Metropole in Lisbon, for which government permission was obtained. Investments in the bank were obtained from several prominent citizens, who accepted membership on its board of directors. A fine new building was constructed, and the bank did a large business from its inception. Everybody connected with

it appeared affluent, and city and country estates, expensive automobiles and jewels were in conspicuous evidence.

A local newspaper instituted editorial attacks on the bank, not because of any suspicion of impropriety, but because the bank was apparently under foreign control and at the same time appeared so prosperous. At the height of this campaign, a bank examiner chanced to recognize serial numbers of new bank-notes in the correspondent bank of the Bank of Angola and Metropole as identical with some he had seen in the Bank of Portugal.

Investigation disclosed that duplicate notes were in existence. The Bank of Portugal recalled the entire issue, exchanging the notes for another issue. When this task was completed it was found that there were, all told, some \$5,000,000 worth of duplicates. All were apparently proper currency.

It was then discovered that about all of the notes in the vaults of the Bank of Angola and Metropole were duplicates of the 500 escudo Vasco da Gama issue. The bank was closed, every one connected with it arrested, and all property, either of the bank or the individuals, confiscated. So strong did the State consider its case that all confiscated property was sold at auction. After everything tangible had been realized, the Bank of Portugal found it had sustained a net loss of \$2,000,000.

According to the government, Reis obtained lithographed stationery of the Bank of Portugal, wrote confidential letters to the lithographers in England, gave a plausible explanation of the order for the duplicate issue, presented this order in person, and successfully persuaded the English firm that he was a confidential agent of the bank. Elaborate details were worked out for intercepting correspondence on the subject and for obtaining delivery of the notes.

There is intense interest in the coming trial because the defendants have declared that many high officials and personages were accomplices. The Portuguese Minister of Commerce was at one time jailed, but later released. Directors of the Bank of Portugal were questioned at great length, and a Minister to a South American republic was recalled. Among some 200 witnesses under subpoena are General Norton de Matos, former Minister to London and Prime Minister, two high army officers and two officials of the Bank of Portugal.



2/24

Duplicate

C. P. R.  
MAR - 3 1930

San Jose, Costa Rica.

14th. February, 1930.

American Bank Note Co.  
70 Broad Street.  
New York. N. Y.

Dear Sirs,

BANK OF PORTUGAL.

I have to thank you for your letter of 31st. January enclosing clipping from the New York Times of January 19th. in connection with the pending case between Waterlow and the Bank of Portugal.

The clipping was very interesting reading, and I am glad to have it to attach to the pamphlet which Mr. Williams had printed and distributed in Ecuador regarding that fraudulent issue. I would very much appreciate it if you would be good enough to send me any further information you may get hold of when this case comes to trial next March.

Yours very truly,

RECEIVED

RECEIVED

OTHER COPY IN

PACKET

165 trip

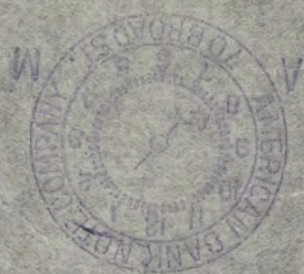


10/10

CONFIDENTIAL  
MAR - 3 1930  
M

MAR - 3 1930

MAR - 3 1930



RECEIVED



3/13

*Segunda Via*

to  
NEW YORK

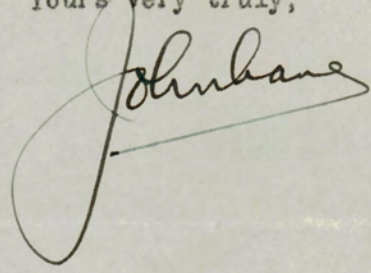
COMPETITORS - Angola Scandal  
Waterlow & Sons Ltd.

Montevideo  
February 21st, 1930

I have your letter of January 31st enclosing a clipping  
from The New York Times of January 19th regarding the Angola  
scandal.

It can not be very pleasant for the present Lord Mayor  
of London to have the affair made so prominent again in Lisbon  
and London.

Yours very truly,



JL

OTHER COPY IN  
PACKET 593



*Handwritten signature*



FORRESTER  
A. S. M. CO.  
M

MAR 17 1930

*Handwritten signature*

RECEIVED  
MAR 17 1930  
AMERICAN BANK NOTE COMPANY  
BROAD ST. N.Y.



C. P. R.  
MAR 28 1930

MARCH, 1930.

*The Numismatist*

149

*Waterlow Portugal*

CURRENCY PRINTED ON FAKE ORDER NOT COUNTERFEIT.

Ringleaders of what is perhaps the most audacious attempt ever made to debauch a nation's currency are scheduled for trial in Lisbon, Portugal, early in March. The bulk of some \$5,000,000 of unauthorized Portuguese national bank notes was circulated through the scheme, but the strangest part of the situation is that the notes were not counterfeits, and the defendants cannot be brought to trial for counterfeiting. These bank notes, all of the 500 escudo denomination, were lithographed, numbered, and even watermarked by an English firm which for many years has counted the Bank of Portugal a valued client. In the present case the firm was apparently led to believe it had received an authentic order. A civil case, brought by the bank against the English firm, is pending in London, but it is not alleged that the firm was conscious of the part it played in a fraud.



Quito March 3, 1930

Messrs, American Bank Note Company  
New York

Dear Sirs:

GENERAL - Correspondence

I beg to acknowledge receipt of the following letters:-

~~X~~ January 31st Bank of PORTUGAL. I duly note contents of clipping from ~~X~~  
the New York Times of Jan 19, 1930.

February 6th ECUADOR \* Air Mail Stamps. I await model.

February 10th BANCO CENTRAL DEL ECUADOR. (Financial)

February 11th Banco Central de Bolivia - Letters of Credit

February 11th Banco Central de Bolivia - Certificates of Stock

Yours very truly,

(signed) H.L.Williams



May 31, 1930

extract from H.L.H. cable ..... orig. filed in Bco de Portugal (regular) pkt

May 30th  
Bank of Portugal

lawsuit  
is on the

calendar  
for

trial  
London

Courts  
July 16th



Shanghai

BANK OF PORTUGAL Affair

June 4, 1930.

The last of this affair has evidently not been heard yet, and we enclose a clipping from the "New York Times" of May 25th, giving some further interesting data about it.

---

IW

Manager Far Eastern Department.

OTHER COPY IN  
PACKET LE 102



AMERICAN BANK NOTE COMPANY.

New York  
to  
Rio de Janeiro

SUBJECT

BANK OF PORTUGAL NOTES

DATE

June 13, 1930.

C. P. R.  
JUN 16 1930

We enclose photostat of a newspaper article which lately appeared in the "New York Times" telling further of this affair.

Since, as we understand it, Mr. Houghton has denied the whole affair from time to time, you may find this useful to convince some one with whom he has talked, that regardless of what he says this would seem to be proof conclusive that the matter is still very much alive.

Yours very truly,

FWG/IW

Manager Foreign Department.

copy also sent to C. T. Blackmore  
H. L. Williams

DIPLIMATE RENT  
OTHER COPY IN  
PACKET 593



AMERICAN BANK NOTE COMPANY

FOREIGN DEPARTMENT

C. P. R.  
JUN 16 1930

"NEW YORK TIMES"

May 25, 1930

**ADMITS \$5,000,000 FRAUD.**

**Prisoner Tells of Duplicating Bank  
of Portugal Notes.**

Special Correspondence, THE NEW YORK TIMES.

LISBON, May 12.—The trial of Alves Reis, accused of duplicating some \$5,000,000 of the Bank of Portugal's banknotes came to a sudden climax last week when Reis confessed. Notwithstanding the fact that the former Portuguese Minister to The Hague, José Bandeira, his brother and several other defendants have been in jail awaiting trial as being his accomplices, Reis takes the sole responsibility and says none of the co-defendants nor any of his employes knew anything about the duplication of the national bank's notes, with which the Bank of Angola and Metropole was financed.

In his confession Reis told how he obtained the key which the Bank of Portugal was using in giving serial numbers to the English firm of lithographers to be used on the notes. With forged letters and contracts the British lithographers were led to believe that the Bank of Portugal had given Reis the power to contract for a clandestine issue of their banknotes.

Two issues were brought into Portugal in pouches carried by the holders of diplomatic visas given by the Portuguese Minister in Holland.



426  
BANK OF PORTUGAL NOTES.

645  
C. P. R.  
JUN 30 1930

FROM  
MEXICO  
TO  
NEW YORK

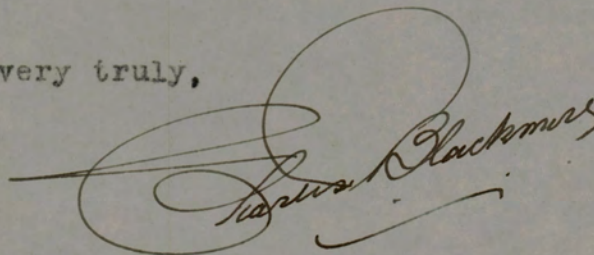
DUPLICATE.

June 19th. 1930.

I beg to thank you for your letter of the 13th. instant, in which you sent me a photostat of a newspaper article which appeared in the "New York Times" relating to the fraudulent issue of the Portugal Bank notes.

I was very pleased to get this further information, which will be very useful to me.

Yours very truly,



OTHER COPY IN  
PACKET 165 Agent



C.P.R.  
JUL -9 1930

London July 4,,1930

D. E. Woodhull  
New York

EWNYS  
emkor

July 4th  
Bank of Portugal

ECJOB  
axzah

suit  
has been postponed

EDPAJ  
ezkob

until  
November

ALZIM

No further news

EPXAN

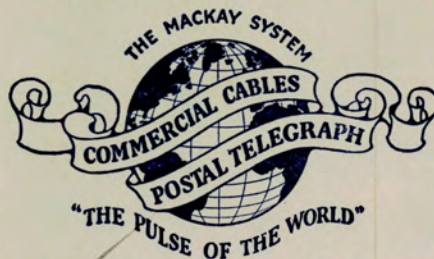
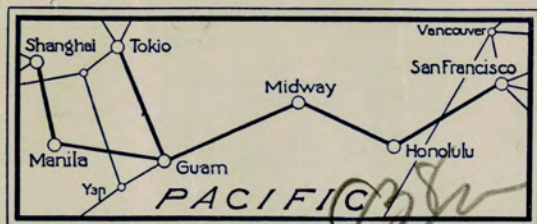
H L.Hendriks

OTHER COPY IN  
PACKET *#7*



# COMMERCIAL CABLES

POSTAL TELEGRAPH (LANDLINE SYSTEM THROUGHOUT THE UNITED STATES)



RECEIVED AT  
BV-PRODUCE EX.

CLARENCE H. MACKAY, PRESIDENT.

ANSWER BY COMMERCIAL CABLES

STANDARD TIME

25 X692 V BV

LONDON 6 217P

ELLISWOOD NY

EWNYSEMKOR ECJOBAXZAH EDPAJEZKOB ALZIMEPXAN

C.P.R.

JUL -9 1930

J.C.  
JUL -7 1930

JUL 4 1930



7/23  
AMERICAN BANK NOTE COMPANY.

SUBJECT Competitors

C. P. R.  
JUL 30 1930

Segunda Via  
DATE July 5th, 1930

Rio de Janeiro  
TO  
New York

I have your letters

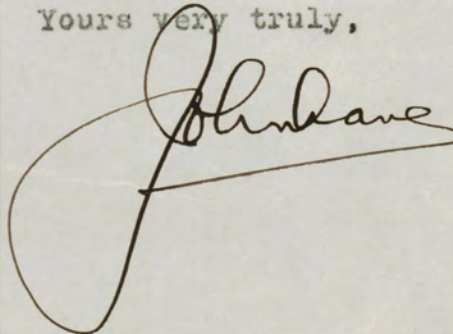
March 24th Perkins, Bacon & Co, enclosing photostat  
of a San Salvador newspaper article  
April 10th Columbian Bank Note Co  
May 28th Competitors  
June 13th Bank of Portugal notes, enclosing two photo-  
stats of a "N.Y. Times" report.

To-day's issue of "O Jornal" of Rio carries an  
article by its Lisbon correspondent. It is largely an ap-  
preciation of the various lawyers who have been engaged in  
the case of the Angola scandal. However, I translate cer-  
tain excerpts from it.

He (Dr. Antonio Osório) read its thousands of pages  
without omitting one.....He studied it for seven  
months to turn out his counterargument of accusation,  
entitled "Historia do Crime", which is really a highly  
detailed argument.....  
The defense, on its side, considers that all was possible  
because Sir William Waterlow agreed to print the notes  
and that the moral responsibility for the damages re-  
sulting from the trickery should fall on him primarily.

It would be interesting to have a copy of, or ex-  
tracts from, "The History of the Crime" - "Historia do Crime"  
mentioned above. Perhaps BW&Co may have it.

Yours very truly,



JL

OTHER COPY IN  
PACKET 598



Rio de Janeiro  
TO  
New York

1/2

AMERICAN BANK NOTE COMPANY

RECEIVED

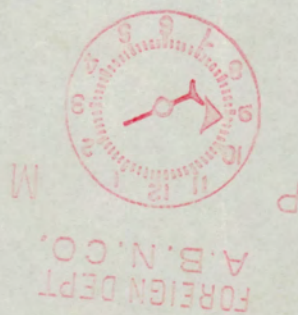
DATE

BOND

MAILED JUL 30 1930



JUL 30 1930



FOREIGN DEPT.  
A.B.N.CO.



C. P. R.

July 8, 1930.

JUL -9 1930

Thank you for the news contained in your cable  
of July 4th, which we deciphered to read:

July 4th Bank of Portugal suit has been  
postponed until November. No further  
news.

FWG:grl  
Not on the original.

OTHER COPY IN **DUPLICATE SENT**  
PACKET 7 Gen. Office



C. P. R.  
JUL 25 1930

July 24, 1930.

We quote from a letter we today received from our Mr. John Lane in Rio de Janeiro, which we thought you would find interesting reading:-

"To-day's issue of "O Jornal" of Rio carries an article by its Lisbon correspondent. It is largely an appreciation of the various lawyers who have been engaged in the case of the Angola scandal. However, I translate certain excerpts from it -

'He (Dr. Antonio Osório) read its thousands of pages without omitting one .... He studied it for seven months to turn out his counterargument of accusation, entitled "Historia do Crime", which is really a highly detailed argument..... The defense, on its side, considers that all was possible because Sir William Waterlow agreed to print the notes and that the moral responsibility for the damages resulting from the trickery should fall on him primarily. '

It would be interesting to have a copy of, or extracts from "The History of the Crime" - "Historia do Crime" mentioned above. Perhaps B.W. & Co. may have it."

---

You will note that Mr. Lane would be interested to have a copy or extracts from "The History of the Crime" referred to. We wonder if you may know whether this could be obtained for him or not.

---

FWG:grl  
(not on original)

DUPLICATE SENT



AMERICAN BANK NOTE COMPANY.

645  
New York

to

Rio de Janeiro

SUBJECT

COMPETITORS:

DATE July 24, 1930.

We have your letter of July 5th with translation of an article from your newspaper "O Jornal", which we have found most interesting.

According to this article it does not look so well for the Honorable Lord Mayor of London.

We are sending an extract of your letter to B.W. & Co. with the request that if they have a copy or extracts from the History of the Crime to please send same to us.

Yours very truly,

Manager Foreign Department.

FWG:grl

OTHER COPY IN  
593  
PACKET



Bradbury, Wilkinson & Co., Ltd.

A.L.S.

London

Subject ~~Bank of Portugal v. Waterlow & Sons.~~

AUG 15 1930

to

Date 5th August, 1930.

New York

I have to acknowledge receipt of your memorandum of 24th July (F.W.G.) quoting a letter you have received from Mr. Lane, which has special reference to "Historia do Crime", and in reply I beg to refer you to my personal letter of the 19th April, 1929, addressed to Mr. Woodhull, together with which I sent a copy of the book referred to, and I have no doubt that you will find it somewhere in Mr. Woodhull's office. Unfortunately I was only able to secure two copies of this book, and I wish to keep one for the use of this office. If you cannot find the one which I sent to Mr. Woodhull, please let me know, and I will write to our Lisbon Representatives and see if they can possibly secure another copy, although I think this is doubtful. The two copies which I managed to get hold of, were given to me personally by the Governor of the Bank when I was in Lisbon in April 1929.

As I think I have informed you, the action which has been brought by the Bank of Portugal against Messrs. Waterlow and Sons in the English Courts, was put down on the calendar for the 16th July last, but owing to the fact that Sir William Waterlow, who will undoubtedly be one of the principal witnesses in the case, is at the present serving a term of office as



Bradbury, Wilkinson & Co., Ltd.

London

Subject Bank of Portugal v. Waterlow & Sons

to

Date 5th August, 1930.

New York

-2-

Lord Mayor of London, the hearing of the case has been postponed until his term of office expires, which will be on the 9th November next. If Messrs. Waterlow & Sons are so ill advised as to permit the action to go to trial, the reports of this case will be even more interesting than the "Historia do Crime", and I will see that you are duly supplied with the Newspaper reports.

*[Handwritten signature]*

BRADBURY, WILKINSON & CO., LTD.



August 15, 1930

Extract from H.L.W. letter.....original filed in H.L.W. "Trip" packet #500

To complete your records, I beg to advise receipt of the following letters:

June 13. - BANK OF PORTUGAL NOTES. - With photostat of newspaper article published in "The New York Times". In this connection, you will recall that, when working on the Banco Central note order in Ecuador, I wrote enclosing clipping from a Quito paper, in which was published the translation of a letter written by the British Charge d'Affaires in Quito, making an official statement on behalf of H.B.M. Government to the effect that the duplicate order of the Bank of Portugal notes was printed by Waterlow & Sons, Ltd., adding, however, that it was the result of a forged order.



BANCO DO PORTUGAL, vs. Waterlow & Sons.

August 18, 1930.

C. P. R.  
AUG 19 1930

Thank you for your letter of August 5th.

We found Mr. Woodhull had a copy of "History of Crime".

In view of what you tell us we are not sending any part of it to our Mr. John Lane.

If the matter goes to Court we shall, of course, be most interested in seeing the newspaper articles regarding it.

---

F.W.G.

FWG/IW



AMERICAN BANK NOTE COMPANY.

New York

to

Rio de Janeiro

SUBJECT

BANK OF PORTUGAL vs. Waterlow & Sons.

DATE August 18, 1930.

We again refer to your letter of July 5th, in which you quote an article from "O Jornal" in regard to this affair.

We wrote B.W. and now have a reply from them in connection with the book "Historia do Crime". In sending the book to us Mr. Hendriks says:-

"The case is sub judice, and, needless to say, neither B.W. & Co. nor anybody else, may make use of this report, which was only printed for the use of the lawyers engaged in the case, and the Directors and Shareholders of the Bank of Portugal. The case against the accused in Lisbon has not yet been decided, and the Bank's action against W. & S., in the English courts, does not come on until after the Long Vacation - i.e., not earlier than October this year. This information was given by the Governor of the Bank."

Under these circumstances we think it is just as well not to send you a copy of this book, at this time.

Yours very truly,

FWG/IW

Manager Foreign Department.

OTHER COPY IN  
PACKET 593



October 31, 1930

Extract from JOHN LANE letter.....original filed in Rio Office packet 593

I have your letter of October 17th, "General", advising the presence of Houghton in Mexico City. Any information which I receive regarding him or his hereabouts, I shall transmit to you. I would acknowledge receipt of your letter of August 18th regarding the Angola scandal. Recent newspaper reports here advised that the Bank of Portugals suit against Sir William Waterlow has been resumed in London. That he is no longer Lord Mayor may facilitate the suit.



# AMERICAN BANK NOTE COMPANY

SUBJECT General.

C.P.R.  
DEC 19 1930

DATE November 26, 1930

D.E.W.  
DEC 18 1931

G.W.T.S.  
DEC 13 1930

China  
(Shanghai)

to

New York

DEC 18 1930

Attached is an item which appeared in last evening's and all the mornings foreign language newspapers. It is causing much comment.

I shall be interested to see if this appears in any of the vernacular papers. If it does I will send you one of the papers and a translation of the article.

*H. F. Payne*  
Vice President.

## Million Pounds Involved In Bold Banknote Swindle

(Reuter's Agency)

LONDON, Nov. 24.—An amazingly bold coup of a swindler fraudulently obtaining over £1,000,000 worth of banknotes direct from the printer was mentioned in a case today in the King's Bench Division, when the Bank of Portugal sued Messrs. Waterlow & Sons, Limited, printers, for £1,115,613.

They allege alternatively breaches of contract, negligence or conver-

sion in connection with the printing of Portuguese banknotes.

Plaintiffs' counsel asserted that an international swindler named Marang called at the offices of Waterlow & Sons in 1924, bearing a forged letter from the Governor of the Bank of Portugal. He ordered notes which were duly supplied and circulated.

Counsel contended that Marang's plot was full of leaks and holes. It not only invited suspicion, it shouted for suspicion.



Shanghai

GENERAL

December 19, 1930.

C. P. R.  
DEC 19 1930

Thanks for your letter of November 26th, enclosing newspaper clipping of November 24th in re the Waterlow affair.

You might also be interested in the article which appeared in the New York Times of December 10th and 11th on the same subject, and we enclose the same herewith.

---

Manager Far Eastern Department.

GWTC/IW

OTHER COPY IN  
PACKET S.E. 102



C.P.R.  
DEC 22 1930

London, December 19, 1930

Conf'd  
12/20/30  
D.E.W.  
DEC 19 1930

D.E. Woodhull  
New York

IBCAR  
EMKOR

December 19th  
Bank of Portugal

ALCAV  
AHZAS

lawsuit  
expect

AKZUG  
ERNAT

judgment  
Monday

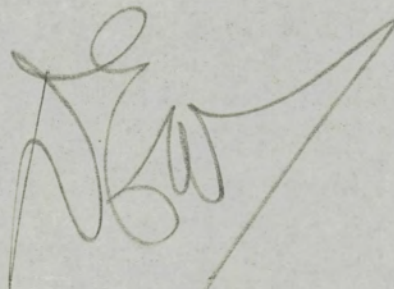
STOP

EBCEN

Nothing new to report

EPXAN

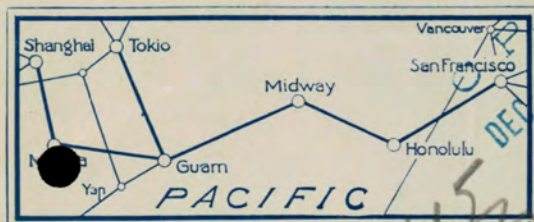
H.L. Hendriks

112  




# COMMERCIAL CABLES

POSTAL TELEGRAPH (LAND LINE SYSTEM THROUGHOUT THE UNITED STATES)



RECEIVED  
(STANDARD TIME INDICATED ON THIS MESSAGE)  
BV-PRODUCE EX.



CLARENCE H. MACKAY, PRESIDENT.



ANSWER BY COMMERCIAL CABLES

DEC 19 1930  
D.E.W.  
DEC 19 1930

54 X1092 DY

NEWMALDEN 7 354PM

ELLISWOOD NY

IBCAREMKOR ALCVAHZAS AKZUGERNAT STOPEBCEN

EPXAN



BANK OF PORTUGAL LAW SUIT.

LONDON

C.P.R.  
DEC 22 1930

December 20, 1930.

This is simply to confirm receipt of your cable of  
December 19th, which we deciphered to read:-

December 19th Bank of Portugal  
lawsuit expect judgment Monday.  
stop Nothing new to report.

---

Thank you for the information for, of course, I am  
most interested in the final outcome of this suit.

---

FWG:grl  
(not on original)

DUPLICATE SENT



C. P. R.  
JAN -5 1931

*[Handwritten signature in red ink]*

ELLISWOOD

NEW YORK

IBCOVEMKOR AXDAXAKZUG IWPENFUXCE ABRIJAGCUK EPXAN

DECEMBER 22ND BANK OF PORTUGAL HAVE OBTAINED JUDGMENT  
£531000 AND COSTS H.D.H."

Bradbury Wilkinson & Co.

New Malden, Surrey



AMERICAN BANK NOTE COMPANY.

SUBJECT COMPETITORS

C. P. F.  
JAN - 8 1931

DATE December 23 1930

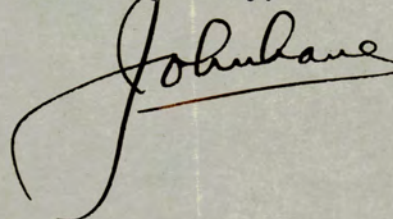
Rio de Janeiro  
TO  
New York

I have your letter of November 22nd and have taken due note of its contents.

Rio papers to-day carry advices that Waterlow was condemned by the London courts to pay the Bank of Portugal the sum of £531851 in connection with the Angola scandal. The Bank sued for £900000, according to previous reports, but the sum awarded is heavy enough. An amicable settlement was prevented by Waterlow's refusal to recognize the Bank's obligation to redeem the notes of the clandestine issue.

Presumably, Waterlow will appeal from the decision. One wonders whether Waterlow, in a time like this, is in a position to pay such a large amount.

Yours very truly,



JL

OTHER COPY IN  
PACKET 599



Mr. de Janeiro

New York

December 22, 1931

I have your letter of November 22nd and have taken  
the note of its contents.  
His report further carries advice that Waterlow was  
condemned by the London courts to pay the Bank of Portugal  
the sum of £50,000 in connection with the Anglo-Brazilian  
The Bank was for £200,000, according to previous reports.  
but he was awarded a heavy sum. An amicable settle-  
ment was effected by Waterlow's refusal to recognize the  
Bank's claim to redeem the notes of the Brazilian  
Bank. It is, however, a matter of record that the  
Bank of Portugal, in a time like this, is in a  
position to pay out a large amount.

Yours very truly,  
*Johnstone*

FOREIGN DEPT.  
A.B.N.CO.



JAN - 6 1931

M

JAN - 6 1931



RECEIVED



HENRY L. WILLIAMS  
REPRESENTANTE DE LA  
AMERICAN BANK NOTE COMPANY  
NEW YORK

Panama, January 1st., 1931.

Messrs. American Bank Note Company,  
New York.

Dear Sirs:

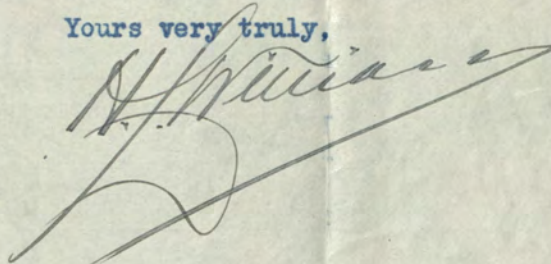
WATERDOW & Sons.Ltd.. London.  
Bank of Portugal - Duplicate  
Note Order.

Kindly procure and send me a couple of copies of the New York Times, of December 11, 1930, in which appears a publication under the heading of "BANK NOTE FRAUD ALLEGED IN LONDON". Mr. Ehrman showed me the clipping his son, John, of the Chase National Bank, has just sent him.

Would it also be possible for you to procure me another copy of the REPORT of the Directors of the Bank of Portugal on the subject, in the original Portuguese. My copy was left with the Banco Central del Ecuador, at the time their note order was secured, and seems to have been mislaid.

Thanking you for your kind attention,

Yours very truly,



OTHER COPY IN  
PACKET 500 trip



RECEIVED



JAN 2 1931

JAN - 7 1931



FOREIGN DEPT.  
A.B.N. CO.  
M



AMERICAN BANK NOTE COMPANY.

SUBJECT

BANK OF PORTUGAL - Waterlow affair.

DATE January 7, 1931.

New York  
to  
Rio de Janeiro

C. P. R.  
JAN - 8 1931

We acknowledge receipt of your letter of December 23rd, in which you speak of the Rio papers carrying advices that Waterlow was found guilty in the Federal Courts and has to pay to the Bank of Portugal the sum of £531,851.

We might add that aside from this being the case they must also pay the costs; this, we understand, will amount to something between £50,000 and £60,000. As to where this money is coming from we of course can not say.

An English financial paper, in commenting upon the decision, says that it will use up Waterlow's entire surplus.

We have naturally followed the case very closely and are now preparing photostat copies of the articles as they appeared in the London papers reporting the entire trial. As soon as they are ready we will send you a copy of same.

Yours very truly,

Manager Foreign Department.

FWG/IW

OTHER COPY IN  
PACKET 593



C. P. R.  
JAN - 8 1931

January 7, 1931.

H. L. Williams, Esq.,  
c/o Sr. Juan Ehrman,  
Apartado 682,  
Panama City, Panama.

Dear Sirs:-

BANK OF PORTUGAL - WATERLOW AFFAIR

We have your letter of January 1st, #29, asking for copies of an article that appeared in the New York Times, in connection with this matter. This item, together with the London Times daily report of the entire trial, we are now arranging to have photostated and expect to send you a copy of it shortly.

We also note your request for another copy of the report of the Directors of the Bank of Portugal, in portuguese, as was sent you in our letter of April 2, 1926. By referring to our letter you will see that we told you we only had the one copy and do not know where we could obtain an additional one at this time.

In your letter of April 27th you wrote that it would be well for you to have this original, so it could be shown by you on your visits in other parts of your territory.

With a complete record of the trial, as we are going to send you, we hardly think that the article you speak of will be of such importance.

Aside from the fact that the Courts awarded to the Banco do Portugal the sum of £531,851, we have heard through our London Office that they will also have to pay the costs, which will amount to between £50,000 and £60,000.

Yours very truly,

FWG/IW

OTHER COPY IN Manager Foreign Department.  
PACKET 500 trips

DUPLICATE SENT



645  
Panama, Jan'y 7, 1931  
(letter #30)

extract from H.L.W. letter ..... orig. filed in H.L.W "TRIP"packet #500

"It may be just as well for me to be on the ground, particularly in view of a possible visit from Houghton at this time. In this connection I may say that I learn from an Englishman - the Manager of the Guayaquil Branch of the Anglo-South American Bank, Ltd. - who is returning from England, where he has been on vacation, that radio news received by the steamer on which he came out, is to the effect that Waterlow & Sons have lost the suit brought against them by the Bank of Portugal, and have been condemned to pay damages to the extent of half a million pounds sterling; but with the saving statement made by the Court that they had been the victims of a most audacious forgery. I should esteem it a favor if you would kindly obtain and send me at the earliest possible date, copies of papers, both English and Portuguese bearing on the subject of the trial and sentence; for some of the British diplomatic representatives in these countries have gone the length of insinuating that the question has been little less than invented by us out of jealousy, and that there has been nothing to it all.



C. F. R.  
JAN 13 1931

January 12, 1931

Grace National Bank,  
7 Hanover Square,  
New York.

Dear Sirs:-

BANCO DO PORTUGAL vs: WATERLOW & SONS, Ltd.

We are enclosing herewith the clippings which were handed to me from time to time by Mr. Sharp.

We certainly appreciate the interest you have taken in this matter and only hope to be able to reciprocate in some way when the opportunity arises.

Please extend to Mr. McKnight my kindest personal regards.

Yours very truly,

Treasurer.

CLL/IW



Jan. 13, 1931

extract from OUR letter to H.L.Williams....copy filed in H.L.W. "Trip" packet #500

In the next few days we expect to send you photostat copies of the daily proceedings of the Waterlow-Portugal case as published in the London Times, plus clippings from other newspapers.



Jan. 14, 1931

Jan. 15, 1931

H.F.P. letters of above dates enc. clippings from China papers

re: Bank of Portugal-Waterlow affair

filed in China GENERAL FE pkt #102



January 17, 1931

Letter to Edouard Jaaques, Director of Posts and Telegraphs,  
Luxembourg enc. article in regard Bank of Portugal - Waterlow  
affair from "The Times" of December 23rd 1930.

filed in Luxembourg STAMP packet #556



Jan. 19, 1931

H.F.P. letter of above date enc. clipping from North China Daily News

re: Bank of Portugal-Waterlow affair

filed in China GENERAL FE pkt #102



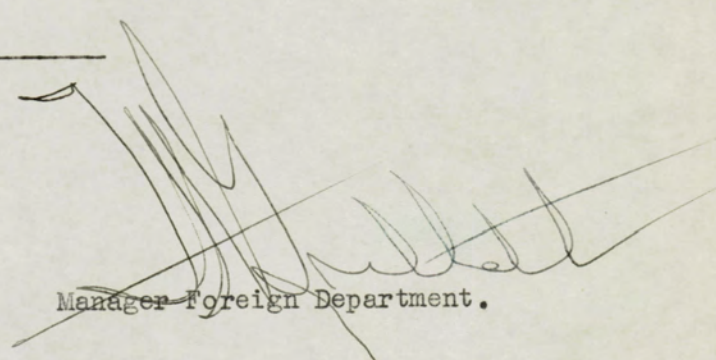
AMERICAN BANK NOTE COMPANY  
FOREIGN DEPARTMENT

C. F. R.  
OCT 10 1934

January 22, 1931

Mrs. Worcester:

Will you please send to Mr. Wood in the plant a "D" order for the binding of 12 photostat copies of the London Times report on the Waterlow-Bank of Portugal case. Six of these copies are to be bound with cardboard covers and six with a soft, or flexible, covers.

  
Manager Foreign Department.

FWG/IW

D12810  
covered with Reg. 62332  
E. A. J. Jr.  
1-23-31  
1127



HENRY L. WILLIAMS

C. P. R.  
FEB - 3 1931

Panama, January 22, 1931.

Messrs. American Bank Note Company,  
New York.

Dear Sirs:

BANK OF PORTUGAL - WATERLOW AFFAIR.

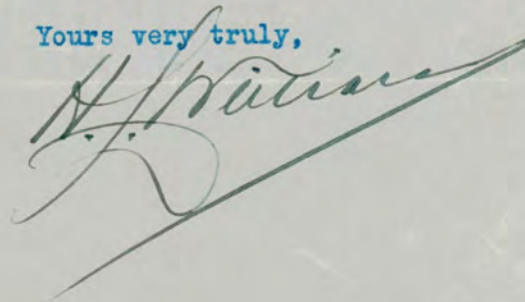
I beg to acknowledge receipt of your favor of January 7th., contents of which I duly note, as also that I may shortly expect photostat copies of the London Times report of the entire trial.

With regard to the copy of the Report of the Directors of the Bank of Portugal, I may say I knew you had told me, when sending it, that it was the only copy you had; and I know also that I have recognized the desirability of having that copy with me to show to clients in any part visited by me.

You will recall the circumstances which obliged me to place that copy in the hands of the Directors of the Banco Central del Ecuador, when working for their note order. The action of Waterlow's agent in Quito, made it necessary to prove that the pamphlet I had prepared on the subject was not a mere fabrication of ours as had been insinuated by that agent; and the Directors actually asked me to present the original of which the pamphlet purported to be a translation. I could do no less than hand them the copy you sent me, and left it with them on the condition they would return it to me once they had satisfied themselves of the correctness of the translation. When the order was finally signed, I requested the return of that copy; but the Bank's lawyer, who was also the Vice-President of the Board of Directors, who had taken the copy home with him to study it, had mislaid it. On several occasions subsequently I requested that it be returned to me; but it was never found. The lawyer, Dr. N. Clemente Ponce has since died.

Possibly, through B.W. & Co., it would not be difficult to procure one or more copies in Lisbon; and in the same connection I would say it might be well to try to get copies of the Lisbon papers in which the report of the trial may appear, as well as remarks regarding the sentence.

Yours very truly,

OTHER COPY IN  
PACKET 500 trips



FOREIGN DEPT.  
A.B.N. CO.



M  
JAN 30 1881



RECEIVED

JAN 30 1881

I beg to acknowledge receipt of your favor of January 28th, 1881, in which I duly note, as also that I may shortly expect photostatic copies of the London Times report of the entire trial.

With regard to the copy of the report of the directors of the Bank of Portugal, I beg to say I know you had told me, when sending it, that it was the only copy you had; and I know also that I have recommended the desirability of having that copy with me to show to clients in any case visited by me.

You will recall the circumstances which obliged me to place that copy in the hands of the Director of the Banco Central del Salvador, when working for their case. The action of the Director's agent in doing so, made it necessary to prove that the pamphlet I had prepared on the subject was not a mere fabrication of ours as had been insinuated by that agent; and the Director actually asked me to present the original of which the pamphlet purported to be a translation. I could do no less than hand him the copy you sent me, and left it with them on the condition that they would return it to me once they had satisfied themselves of the correctness of the translation. When the order was finally signed, I requested the return of that copy; but the Bank's lawyer, who was also the Vice-President of the Board of Directors, who had taken the copy home with him to study it, had mislaid it. On several occasions subsequently I requested that it be returned to me; but it was never found. The lawyer, Dr. A. Clemente Ponce has since died.

Possibly, through F.W. & Co., it would not be difficult to procure one or more copies in Lisbon; and in the same connection I would say it might be well to try to get copies of the Lisbon papers in which the report of the trial may appear, as well as remarks regarding the sentence.

Yours very truly,



AMERICAN BANK NOTE COMPANY.

SUBJECT Competitors

C.P.R.

FEB 18 1931

DATE January 27 1931

Rio de Janeiro

TO

New York

I have your letter of January 7th, regarding Waterlow and the Bank of Portugal, and note that you are preparing photostat copies of the newspaper reports of the trial.

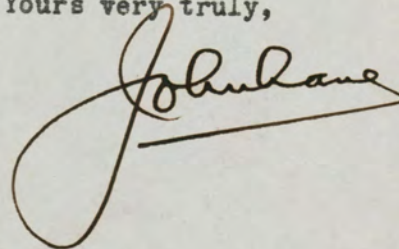
The Jornal do Commercio published on January 25th a letter from its Lisbon correspondent dated December 31st. I translate part of it.

It seems that the ex-Lord Mayor, head of Waterlow's, former supplier of notes to the Bank of Portugal, will appeal from the sentence passed on it by the London courts for imprudently printing a counterfeit issue of 500 escudo notes, on which was based the great fraud of the Banco Belgica e Napoles, by using the Banco de Portugal plates. Whether he appeal or not, nothing can relieve it of two damaging losses already sustained-

1. Of having been condemned to pay the Bank of Portugal £531,851;
2. That the quotation for its stock went down as the number of hearings increased in the London courts which condemned it.

The reference to the "Banco de Belgica e Napoles", I presume, is in error for Banco de Angola e Metropole. If not, it would be interesting to know if there had been another, similar case.

Yours very truly,



JL

OTHER COPY IN

PACKET 593



Rio de Janeiro

TO  
New York

January 27, 1931

FEB 16 1931



RECEIVED

I have your letter of January 15, regarding letters  
from the Bank of Portugal, and note that you are preparing  
photostat copies of the newspaper reports of the trial.  
The Journal de Commercio published on January 15 a  
letter from its Lisbon correspondent dated December 15, 1930,  
translating part of it.

It seems that the ex-Portuguese head of the Banco de  
Lisboa, who was arrested on January 15, will appear  
next supplier of notes to the Bank of Portugal, will appear  
from the sentence passed on it by the London courts for  
imprudently entering a counterfeit issue of 500,000  
notes, which was based on the great fraud of the Banco de  
Lisboa, by using the Banco de Portugal plates.  
Whether he appears or not, nothing can relieve it of two  
damaging losses already sustained -  
1. Of having been condemned to pay the Bank of Portugal  
\$250,000;  
2. That the quotation for its stock went down on the  
day of hearing in the London courts which  
condemned it.

The reference to the "Banco de Lisboa" in the  
press, is in error for Banco de Angola e Sines. It may  
be interesting to know if there has been another  
similar case.

FOREIGN DEPT.  
A. B. N. CO.



FEB 16 1931



*Jan'y 28 -*  
*see 7mg 4/6/31*

PHOTOSTAT COPIES of various newspaper clippings

BANK OF PORTUGAL

*filed in their  
respective pkts*

sent to :	H.L.Williams	letter : Jan 28, 1931
	John Lane	: do
	C.T.Blackmore (Caracas)	: do
	Mr. Machado (in pkt #645)	: Jan 30, 1931
	China	: Feb. 2, 1931
	Paris	: Feb. 16 1931
	A.G.Nicolopulo thru Paris - Paris Letter Mar 13, 1931	

ORIGINAL CLIPPINGS, - from which photostats were made,  
clipped together and filed in drawer in Cabinet.



C. P. R.  
FEB -3 1931

224 WELLINGTON STREET  
OTTAWA.

2 / A / 31  
*[Handwritten signature]*

January 30th, 1931.

Dear Gullett:-

I have not received the copy you gave me of the Bank of Portugal vs. Waterlow proceedings. I gave it to the clerk on the balcony, with the request that he mail it to me in Ottawa.

Will you kindly ask him what he did with it, as I am anxious to have it.

Yours very truly,

*José A. Machado.*

F. W. Gullett, Esq.,  
American Bank Note Co.,  
70 Broad Street,  
New York City.

*P.S. If the boy mailed it, please trace from your end & I will do same from here. You might enquire whether for any reason, it may have found its way to the Dead Letter Office. How was package addressed?*



Jan 27  
1st Class



2/4  
C. P. R.  
FEB -9 1931

LETTER - No. 52.

Panama, January 31, 1931.

Messrs. American Bank Note Company,  
New York.

Dear Sirs:

GENERAL - TRIP, etc.

I beg to acknowledge receipt of your favor of the 13th. inst.

News from Peru is still disquieting. The new regime has apparent reason for fearing trouble among the military, induced by an exile, Alberto Salomon, now residing in La Paz, whence started the propaganda which brought about the revolution against Leguia. Such is the news published in to-day's local papers. Things can not be expected to get settled there, at least till after the March elections, if then. As you suggest, I shall certainly try to keep informed of developments in Peru, and I agree with you that it will be advisable for me to be there shortly before the Kemmerer Mission leaves.

I suspect that Henry C. Houghton is now on his way to Peru. I saw him on arrival here. He registered at the hotel as:

"Mr. and Mrs. Houghton - American - (from) Washington (to) Valparaiso!"

With Mr. Ehrman, I have visited the principal Government Departments, whence orders may be anticipated; and have shown the Ministers, and the Fiscal Agent, Mr. Baldwin, clippings Mr. Ehrman had received from his son in New York, reporting the result of the trial of Waterlow & Sons. Some of them - no one more so than Mr. Baldwin - had refused to believe there was anything serious in the alleged duplication of Bank of Portugal notes by Waterlow. I may say here that none of the Americans acting as experts in these countries are even remotely inclined to favor American trade. No one expects any of them to actively favor us; but the fact is that, far from being favorably inclined towards American concerns in general, they mostly seem distinctly unfriendly.

Though clippings such as those referred to above, which have been now some time in the hands of Mr. Ehrman, may not be as important as the reports of the trial you now purpose sending me, it is to be regretted that similar clippings should not have been sent some time since by your goodselves to each one of our local agents in these countries.

You may expect within a few days a cabled order for 600,000 Liquor Stamps ("Licores Nacionales"), which, as we were informed by Sr. Alfaro, the Chief of the Liquor Tax Department, are now much needed. Only the recent change of Government may be thanked for the delay in placing this order, which should have been sent you early this month.

When you send me the photostat copies of newspaper publications relating to the Bank of Portugal affair, I trust you will send at the same time, and by air mail, similar copies to our Agents in Peru and Bolivia;

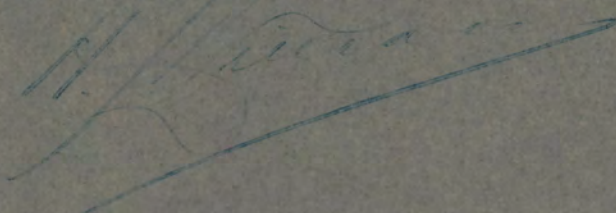


as it very desirable our clients be furnished proof of the truth of statements made them by us with regard to that duplicate issue. I would appreciate your sending me said copies in duplicate.

A clerk at the hotel here, who is an enthusiastic stamp collector, asked Houghton whether he could tell him if they contemplated printing any new issues for any of these countries. His reply was to the effect that he did not know whether any new issues would be made, but that his company had recently printed a new issue of some millions for the Government of Uruguay; and, as they were at the time so busy, they had handed over a smaller order to the American Bank Note Company. This was reported to me a few minutes after the conversation took place.

I shall keep you advised of any developments I learn about, and shall certainly proceed to Peru as soon as I believe it necessary or advisable.

Yours very truly,



OTHER COPY IN  
500 trip





FEB - 9 1961

FOREIGN DEPT  
A.B.N. CO.  
M

TO THE DIRECTOR, BUREAU OF THE ARMY  
FROM THE CHIEF, BUREAU OF THE ARMY  
SUBJECT: [Illegible]

[Several paragraphs of illegible text follow, appearing to be a memorandum or report.]



OTTAWA

BANK OF PORTUGAL - WATERLOW AFFAIR

C. P. R.  
FEB -3 1931

February 2, 1931.

We have Mr. Machado's letter of January 30th, informing us that the copy of the Bank of Portugal - Waterlow proceedings, mailed from here, had not - up to the time of his writing, been received.

I have taken the matter up with our mailing department and find it was sent through quite all right, as first class mail. The Mailing Department boys were told that in all likelihood the package might have been delayed by the Post Office officials at your end whilst they decide if there is to be a duty or not.

If we do not hear that you have received it in the course of the next few days, we shall send another copy of it. The package was addressed directly to Mr. Machado at 224 Wellington St. Ottawa. I trust it will eventually reach him.

---

FWG/IW

Manager Foreign Department.



C. P. R.  
FEB -3 1931

February 2, 1931.

Henry L. Williams, Esq.,  
c/o Sr. Juan Ehrman,  
Apartado 682,  
Panama City, Panama.

Dear Sir:-

BANK OF PORTUGAL - WATERLOW AFFAIR

Your letter of January 22nd No. 36, has come to hand, and we have carefully read all you have to say in connection with this affair.

Although it is just possible for us to get another copy of the report of the Directors of the Bank of Portugal, we are of the opinion that you will not want it after you receive the photostat copies of the daily happenings at the trial. The whole affair is gone into at such great length, stating every detail of the case, that it seems to us to be more far reaching and of much more importance than anything else that has been published in connection with this case.

We note from your letter that the bank's lawyer, who was also a Vice President of the Board of Directors (Ecuador), to whom you gave our copy of the report on this affair, has since died and we think it most likely the report will never be found. However, there is no great loss, for since the case has come to trial and we have a full record of it, we do not attach as much importance to this report as we formerly did.

Though you ask us to try to obtain copies of the Lisbon papers containing the trial, we do not think they would be as authentic as those which we have sent you since, Waterlow, being an English house, have been found guilty in the Courts of their own country. Nothing could be more convincing. If, after you have read the photostat copies we sent you, you still would like to have the papers from Lisbon reporting the case, we shall try to get them.

Yours very truly,

FWG/IW

OTHER COPY IN

Manager Foreign Department.

DUPLICATE SENT

PACKET

500 tips



C.P.R.  
FEB 5 1931

CANADIAN BANK NOTE COMPANY, LIMITED.

SUBJECT

BANK OF PORTUGAL - WATERLOW AFFAIR.

J.P.T. JR.  
FEB - 6 1931

ENTERED  
Ottawa

TO NEW YORK FROM OTTAWA

DATE

February 4th, 1931.

F. W. Gullett, Esq.,  
Manager, Foreign Department,  
American Bank Note Company.

Acknowledging your letter of February 2nd, please note that  
the copy of proceedings referred to has now been received.

JAM/AW.

*José A. Machado,*  
President.



RECEIVED



FEB -5 1931



February 5, 1931.

Henry L. Williams, Esq.,  
c/o Sr. Juan Ehrman,  
Apartado 862,  
Panama City, Panama.

Dear Sir:-

GENERAL

We have your letter of January 31st, #38.

All you tell us is most interesting and we had to smile when we read what you say Mr. Houghton told the clerk at the Hotel, regarding stamp orders.

We should say that in view of what has happened, Waterlow would have to be particularly busy for some time to come.

Your remarks regarding Mr. Baldwin were noted with interest, for the writer has had considerable dealings with him in the past and all you say is quite true. However, if there is any doubt in his mind regarding the Waterlow case you certainly have proof enough now to fully change his mind.

Though we note your remarks regarding the sending out of clippings in connection with this case, we have purposely not been promiscuous in this respect,- first, for the reason that we did not think it was well to distribute any information in connection with the affair until a decision had been made and, second, as we believe we mentioned before this, the matter has had a tendency to act as a bit of a boomerang to the bank note business, and we do not desire to be pointed out as a concern trying to obtain business by the misfortunes of our competitors.

While we believe that reports on this case can be used to advantage, we do not think it well to put such clippings in the hands of all of our agents, for fear they might not be properly used. You of course, with other of our travelling men, can properly present the facts, both to the agent



and officials, when visiting the various countries. Too much publicity to this case on our part would undoubtedly bring forth effective oratorical speeches by the silver tongued Henry Houghton, which might - in the end, put his house in the position of a martyr who deserved sympathy.

So far we are only sending copies of this case to Mr. Lane, Mr. Blackmore and yourself, and it is our present idea that you pass the knowledge along to the agents either by word of mounth or in writing.

Yours very truly ,

Manager Foreign Department.

FWG/IW

OTHER COPY IN  
PACKET 500 trip



LETTER No. 19.

Caracas, Venezuela.

5th. February.

American Bank Note Co.  
70 Broad Street.  
New York City. N.Y.

Air mail.

Dear Sirs:-

Bank of Portugal v. Waterlow Sons & Co.

In the course of conversation with the Cashier of the Royal Bank of Canada in Caracas he told me that he had read an article in the magazine called the "Time" which set forth very clearly the case between the Bank of Portugal and Waterlow Sons & Co. Unfortunately he has not kept the copy of the magazine and has forgotten the date of the issue. for I would have liked to see it. Last evening, talking to an Englishman, he told me that just before England at the beginning of January the papers published the trial of the above case and that judgement had been found against Waterlow Sons & Co., and that they have to pay about £ 1,300,000. - in settlement.

As I am very anxious to know the details of the trial and of the sentence I would appreciate it if you would be good enough to send me a report of what you know of the case, and if possible a copy, or rather a clipping, from one of the English papers, if you happen to have one. Or failing that, photostat copies, if you have made any, of the newspaper reports on the case.

Thanking you in anticipation,

Yours very truly,

*Harry Blackmore*

OTHER COPY IN  
PACKET 165 trip



FEB 11 1931

FOREIGN DEPT.  
A. B. N. CO.



FEB 11 1931



February 7, 1931

CTB letter #23 ack. receipt of letter of Jan 28th and  
phostat copies of clippings re Bk of Portugal-Waterlow  
Affair

filed in C.T.B. "Trip" pkt #165



HENRY L. WILLIAMS :

C.P.R.  
FEB 26 1931Panama,  
February 8, 1931.2/24/31  
JHMessrs. American Bank Note Company,  
New York.

L

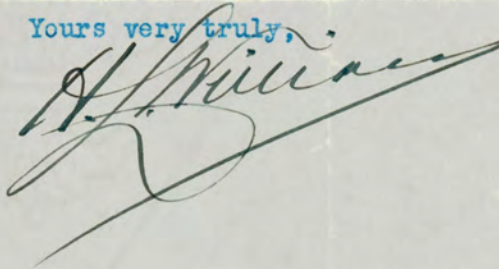
Dear Sirs:

WATERLOW - BANK OF PORTUGAL AFFAIR.

I am in receipt of your favor of the 28th. ult., together with the photostat copies of various clippings taken from English and American papers, all relating to the above suit.

I take due note of your desires regarding the limited use to be made of the information contained in the clippings, and thoroughly am in agreement with your attitude. While, however, it may be advisable to refrain from giving the matter too marked publicity, the fact that publications of the nature of those of the clippings, while affording Europeans and Americans such necessary information as to the procedure of a house handling securities, leave the bulk of our Latin American clients in ignorance of the matter, except as they are informed by us; for, I have never seen anything about the suit in one of the local or South American papers up to date.

Yours very truly,

OTHER COPY IN  
PACKET 500 trips



FOREIGN DEPT.  
A.B.N.CO.

A



M

FEB 24 1931

I am in receipt of your favor of Jan. 22, 1931, together with the  
photostat copies of various papers from England and American  
papers, all relating to the above case.

I take the note of your interest regarding the limited use to be  
made of the information contained in the clipping, and thoroughly an  
in agreement with your attitude. It is, however, to be advisable  
to refrain from giving the matter too much publicity, the fact that  
publications of the names of those of the citizens, while alluding  
to persons and American men necessary information as to the procedure  
in a more handling facilities, leave the lack of our Latin American  
citizens in knowledge of the matter, except as they are informed by us;  
for, I have never seen anything of the sort in one of the local  
or South American papers up to date.

EX-LIBRIS



C. P. R.  
FEB 16 1931

February 13, 1931

Charles T. Blackmore, Esq.,  
c/o Dr. José A. Tagliaferro  
Apartado de Correos 293,  
Caracas, Venezuela.

Dear Sir:-

BANK OF PORTUGAL - WATERLOW SONS & CO

By this time we trust you will have received the photostat copies of all the various articles we have been able to collect in connection with this case.

We did not see the article in "Time" which you speak of in your letter No. 18 of February 5th. However, since the English papers, photostat copies of which we sent you, covered the case daily, we are sure that this particular item will not be of any great need and that it will therefore not be necessary for you to have it.

Yours very truly,

Manager Foreign Department.

FWG/IW

OTHER COPY IN  
PACKET 165 trip



C. P. R.  
FEB 16 1931

~~Photostat Copies~~  
~~Waterlow & Co. Boston~~

~~sent~~  
~~C. J. Mackmore~~  
~~H. L. Williams~~  
~~John Lane~~  
~~J. Machado~~  
~~Barrie Office~~  
~~H. J. Payne~~

1 copy over

(in FHQ 5/6/32)  
(on FHQ desk 7/7/33)  
+ held for office use  
in drawer

~~Mr. D. E. H.~~  
~~Mr. J. J. Schuyler~~  
~~Mr. E. Smith~~  
~~Mr. J. Clauet~~

1 to agk  
T. J. M. C.  
10/1/33



AMERICAN BANK NOTE COMPANY.

SUBJECT

C. P. R.

FEB 18 1931 COMPETITORS

February 16, 1931.  
DATE

New York  
to  
Rio de Janeiro

We have your letter of January 27th, quoting an item from the Jornal do Commercio, which published a letter from its Lisbon correspondent in connection with the Waterlow - Bank of Portugal case.

The reference to the "Banco de Belgica e Napoles" is an error, unquestionably.

Yours very truly,

Manager Foreign Department.

FWG/IW



February 17, 1931

extract from H.L.W. letter #44....original filed in H.L.W. "Trip" pkt #500

Acknowledging receipt of your letter of Feb. 2nd, under the heading of "BANK OF PORTUGAL - WATERLOW AFFAIR", I would say I do not now think it of importance to obtain the copy of the Board of Directors' report nor the Lisbon papers, both of which I had previously asked for, thanking you, however, for your kind offer to get them for me if possible.



Feb. 25, 1931

OUR letter of above date ack. HLW letters Nos. 39 and 44

filed in Waterlow & Sons #216



LETTER No. 36.

C. P. R.  
MAR 13 1931

Caracas, Venezuela.

26th. February, 1931.

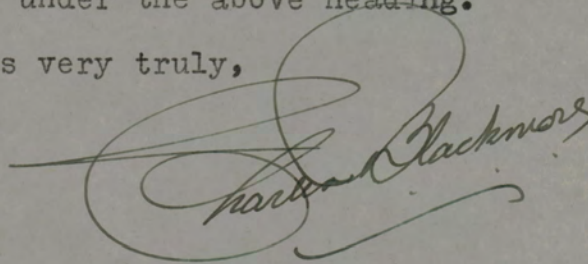
American Bank Note Co.  
70 Broad Street.  
New York City. N.Y.

Dear Sirs,

BANK OF PORTUGAL - WATERLOW SONS & Co.

As a matter of record I acknowledge receipt of your  
letter of February 15<sup>th</sup> under the above heading.

Yours very truly,



OTHER COPY IN  
PACKET 165 trips



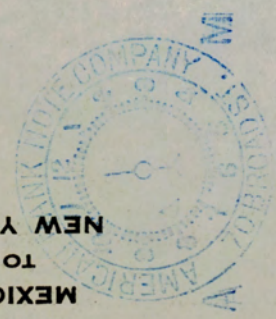
RECEIVED  
MEXICO  
TO  
NEW YORK  
FROM

FOREIGN DEPT  
A.B.N.CO.



RECEIVED  
MEXICO  
TO  
NEW YORK  
FROM

MAR 13 1931



MAR 12 1931

RECEIVED  
MEXICO  
TO  
NEW YORK  
FROM



March 2, 1931

extract from John Lane letter....original filed in Waterlow Sons & Co pkt #216

I received the binder of photostatic copies of newspapers  
clippings, regarding the suit against Waterlow, forwarded per your  
letter of January 28th. I have taken due note of your instructions  
and recommendations regarding the use of these reports.



March 4, 1931

Letter from Paris Office to E. Kutter enc. clipping re:

Bank of Portugal-Waterlow affair

filed in Edouard Kutter packet #1056



COMPETITORS - De la Rue & Co.  
Waterlow Sons & Co. ✓

March 5, 1931.

C. P. K.  
MAR - 6 1931

Under separate cover we are sending you photostat copies of the London Times' articles on the trial of Waterlow - vs. Bank of Portugal. We thought you would be interested in reading the details of the case and perhaps informing Mr. Caro and some of the Directors of the Bank regarding it.

We would not suggest that you actually hand out this information to them to read themselves, nor take any steps to have anything in these articles published, - since we do not mean to try to obtain business by such methods. However, we do feel it would be well for those interested in the printing of securities to know what can happen when they deal with irresponsible concerns.

When it has served your purpose please be good enough to return the booklet to us.

We also thought you would be interested in knowing that we have lately received a letter from one of our men in London, who - in turn, had a letter from one of the engravers of De la Rue & Co., in which he solicits a position with B.W., - saying that De la Rue had practically closed their engraving department and that he had **lost** his position. He also said in his letter that a Mr. Rapkin, a Director and the head of the engraving division, had resigned his position and that, as far as he knew, there were but two engravers and a designer in the steel engraving of De la Rue & Co. at present. This emphasizes the lack of bank note and security business of this concern, and shows distinctly what little



COMPETITORS - De la Rue & Co.,  
Waterlow Sons & Co.

March 5, 1931.

-2-

assurance they can offer a client by way of guaranteeing their continuity in the bank note business. We believe that a bank note company occupies a most important position, and that a client dealing with them has a right to have every assurance, not only of the very best financial condition of the printing company, but also of honest and efficient management, otherwise there is great danger of gross irregularities by means of plates falling into the hands of unscrupulous persons.

Yours very truly,

Manager Foreign Department.

FWG/IW

OTHER COPY IN  
PACKET # 510



March 10, 1931

March 11, 1931

Letters from H.L.Hendriks to Paris Office re:

Bank of Portugal vs. Waterlow & Sons

Paris copies not received for filing.  
Copy of ack. under date Mar. 19th

— no yellow copies ever recd. —  
see copies in #54 Refugee Bonds  
brought back from Paris by J.C.



March 13, 1931

OUR letter to Paris re: Bank of Portugal-Waterlow affair

filed in Paris Office #1138



## Law Report, March 5

## SUMMARY OF CASES

The Court of Appeal—Lord Justice Scrutton, Lord Justice Greer, and Lord Justice Slesser—continued the hearing of the appeal by Waterlow and Sons, Limited, the printers, from the judgment of Mr. Justice Wright in favour of the Banco de Portugal for £569,421 in the action relating to the issue of certain Portuguese bank notes. The appellants contend that the judgment calls for substantial modification as regards damages. (BANCO DE PORTUGAL V. WATERLOW AND SONS, LIMITED.)

The President continued the hearing of

## COURT OF APPEAL

£569,421 JUDGMENT: APPEAL BY MESSRS. WATERLOW

BANCO DE PORTUGAL V. WATERLOW AND SONS, LIMITED

Before LORD JUSTICE SCRUTTON, LORD JUSTICE GREER, and LORD JUSTICE SLESSER

The Court continued the hearing of the appeal by Waterlow and Sons, Limited, the printers, of Great Winchester-street, E.C., from the judgment of Mr. Justice Wright in the action in which the Banco de Portugal, of 148, Rua de Comercio, Lisbon, bankers to the Portuguese Government, claimed damages for alleged breach of contract, negligence, or conversion from Waterlow and Sons, Limited.

The Banco de Portugal said that in 1922 they entered into certain contracts with Messrs. Waterlow and Sons for the printing and supply of Portuguese bank notes. They alleged that one of the terms of those contracts was that Messrs. Waterlow and Sons should take all necessary precautions to prevent forgery of the notes and that they should not print notes from the same plates except on the express authority of the bank and for delivery to the bank. The bank alleged that, in breach of the contracts, or negligently and in breach of duty, Messrs. Waterlow and Sons in 1925 printed a quantity of 500 escudos (about £5) bank notes of the issue bearing a portrait of Vasco da Gama, the circumnavigator, from the plates made to the bank's specification and delivered them to an unauthorized person, a Dutchman named Marang, whose associates formed the Banco de Angola e Metropole in Portugal to enable the notes to be put into circulation. The bank alleged that they were forced to withdraw the notes from circulation and to honour all which were presented, thus suffering considerable loss.

Messrs. Waterlow and Sons denied that they had been guilty of any breach of contract, breach of duty, or negligence. They further said that, if the bank had suffered any damage, that damage was caused, or contributed to, by the bank's own negligence.

Mr. Justice Wright held that it was an implied term of the contract that there was to be no use of the plates for any purpose not authorized by the plaintiffs, and that there was an absolute duty on the defendants not to print or deliver notes of the plaintiff bank without the authority of the bank, and, even if the defendants were bound only to take reasonable care to avoid such acts, the defendants had, on the facts, fallen short of the standard of care required by the special nature of the business, and the plaintiffs were entitled to recover. His Lordship entered judgment for £569,421, with costs, in favour of the Banco de Portugal.

The case was reported in *The Times* of November 24 and following days, and in 47 *The Times L.R.*, 214.

Messrs. Waterlow and Sons appealed on the ground that the damages were excessive.

Sir John Simon, K.C., Mr. Norman Birkett, K.C., Mr. James Wylie, and Mr. H. Beusley Wells appeared for the appellants; Mr. Stuart Bevan, K.C., Mr. Le Quesne, K.C., Mr. D. B. Somervell, K.C., and Mr. H. L. Parker for the respondents.

Mr. LE QUESNE, continuing his argument, said that for the purpose of arriving at the test for measuring the damages it was necessary to look at what the bank had parted with without value—that was to say, what was the marketable value of the thing that had been given away for nothing. As to the liability of the bank, he submitted that it was wrong to say that it was wholly contingent. It might come into operation immediately; for instance, in a case where good notes issued in exchange for Marang notes had been tendered in discharge of an overdraft, or for the recovery of securities deposited with the bank. In those circumstances the bank would have been bound to treat the notes at their face value. The cause of action which the bank had could not be taken away by a Government decree which had been passed subsequently—namely, in July, 1926.

The bank's resources had been depleted to the extent of 100,000,000 escudos by notes given in exchange for the Marang notes. The view taken by the bank was that it was bound to find means for recalling the 100,000,000 escudos which had been put into circulation by reason of the action of Messrs. Waterlows.

## REPLY FOR THE APPELLANTS

Mr. NORMAN BIRKETT, in reply, submitted that the only loss proved by the bank was the cost of the paper and of printing the notes, and that the claim for the face value of the notes was fantastic. The bank was the bank of issue acting in partnership with and supported by the State. It was with the authority of the State that the Marang notes were redeemed. That was most important in its consequences, which involved that the bank, in taking that step, should consult the Government.

Counsel then referred to the inconvertibility of the currency. In the case of the Bank of England, he said, a theft from the unissued stock would be a loss on the Bank because of its liability to redeem. But with regard to the Bank of Portugal, there being a period of inconvertibility, if there was a theft of its unissued notes the bank would lose only the cost of the paper and printing. It was a fallacy to suppose that, when the bank paid out a 500 escudos note, it made 500 escudos profit. The only thing it made on its commercial transactions was interest.

There was no evidence of loss of any kind. The bank was not entitled to claim damages based on the face value of the notes because there was no evidence that it ever lost anything by exchanging them.

The bank, he submitted, was the author of its own wrong. It did not take reasonable steps to minimize the damages. The decision of December 6, 1925, was utterly unreasonable and one which a calm review of the circumstances would have prevented the bank from making. The bank had no true idea of what the situation was, and the considerations from which the bank acted were not the considerations of reasonable men anxious to minimize the loss.

The hearing was adjourned.

Solicitors: Messrs. Johnson, Jecks and Colclough; Messrs. Travers-Smith, Braithwaite and Co.

SIR LANCELOT SANDERSON



## Law Report, March 2

## SUMMARY

The Court of Appeal—Lord Justice Scrutton, Lord Justice Greer, and Lord Justice Slesser—continued the hearing of the appeal by Waterlow and Sons, Limited, the printers, from the judgment of Mr. Justice Wright in favour of the Banco de Portugal for £569,421 in the action relating to the issue of certain Portuguese bank notes. The appellants contend that the judgment calls for substantial modification as regards damages. (*BANCO DE PORTUGAL V. WATERLOW AND SONS, LIMITED.*)

## COURT OF APPEAL

£569,421 JUDGMENT: APPEAL BY  
MESSRS. WATERLOWS

*BANCO DE PORTUGAL V. WATERLOW  
AND SONS, LIMITED*

*Before LORD JUSTICE SCRUTTON, LORD JUSTICE GREER, and LORD JUSTICE SLESSER*

The Court continued the hearing of the appeal by Waterlow and Sons, Limited, the printers, of Great Winchester-street, E.C., from the judgment of Mr. Justice Wright in the action in which the Banco de Portugal, of 148, Rua de Commercio, Lisbon, bankers to the Portuguese Government, claimed damages for alleged breach of contract, negligence, or conversion from Waterlow and Sons, Limited.

The Banco de Portugal said that in 1922 they entered into certain contracts with Messrs. Waterlow and Sons for the printing and supply of Portuguese bank notes. They alleged that one of the terms of those contracts was that Messrs. Waterlow and Sons should take all necessary precautions to prevent forgery of the notes and that they should not print notes from the same plates except on the express authority of the bank and for delivery to the bank. The bank alleged that, in breach of the contracts, or negligently and in breach of duty, Messrs. Waterlow and Sons in 1925 printed a quantity of 500 escudos (about £5) bank notes of the issue bearing a portrait of Vasco da Gama, the circumnavigator, from the plates made to the bank's specification and delivered them to an unauthorized person, a Dutchman named Marang, whose associates formed the Banco de Angola e Metropole in Portugal to enable the notes to be put into circulation. The bank alleged that they were forced to withdraw the notes from circulation and to honour all which were presented, thus suffering considerable loss.

Messrs. Waterlow and Sons denied that they had been guilty of any breach of contract, breach of duty, or negligence. They further said that, if the bank had suffered any damage, that damage was caused, or contributed to, by the bank's own negligence.

Mr. Justice Wright held that it was an implied term of the contract that there was to be no use of the plates for any purpose not authorized by the plaintiffs, and that there was an absolute duty on the defendants not to print or deliver notes of the plaintiff bank without the authority of the bank, and, even if the defendants were bound only to take reasonable care to avoid such acts, the defendants had, on the facts, fallen short of the standard of care required by the special nature of the business, and the plaintiffs were entitled to recover. His Lordship entered judgment for £569,421, with costs, in favour of the plaintiffs.

The case was reported in *The Times* of November 24 and following days, and in 47 *The Times L.R.*, 214.

Messrs. Waterlow and Sons appealed on the ground that the damages were excessive.

Sir John Simon, K.C., Mr. Norman Birkett, K.C., Mr. James Wylie, and Mr. H. Bensley Wells appeared for the appellants; Mr. Stuart Bevan, K.C., Mr. Le Quesne, K.C., Mr. D. B. Somervell, K.C., and Mr. H. L. Parker for the respondents.

Mr. BEVAN, continuing his argument on behalf of the bank, said that it was not until 1929, when Mr. Muir [a representative of Messrs. Waterlows] gave to the bank certain information, that the bank were able to distinguish the considerable number of notes that had not at that time been identified.

## DECISION TO WITHDRAW NOTES

Turning to the decision taken by the directors of the bank on December 6, 1925 [immediately after the frauds had been discovered], to withdraw from circulation the whole of the Vasco da Gama issue of notes, Mr. Bevan said that, when that decision was arrived at, it was already anticipated that a substantial number of false notes would come in to the bank and would be indistinguishable from good notes.

It had been suggested that the bank should have "marked time" until they had communicated with Messrs. Waterlows and asked if the latter could supply them with a key by which the good notes could be distinguished from the bad. If that course had been followed, the bank would have been treating notes which they knew to be false as part of the legal currency of the country for which they were responsible.

At the time that the directors of the bank took their decision there were some 130,000 Marang notes in Portugal. If the issue of Vasco da Gama notes had not been withdrawn more of them would have been unloaded on the public. The conspirators would have

received value for the notes. The notes would have been received by the bank and reissued.

LORD JUSTICE GREER.—You need not have reissued them. You could have paid out notes of another issue in their stead.

Mr. BEVAN.—If we had done that, we should have given value for thousands of notes.

Counsel asked the Court to imagine the position that would have arisen if the Vasco da Gama notes had not been withdrawn from circulation.

"The forged notes would pass from hand to hand," he said. "They were notes for which, on the face of them, the Bank of Portugal was liable to every holder. Three or four weeks later it would have been discovered that these notes, which had been circulated so freely by the conspirators, were false and that the bank had no responsibility for them and yet all the time during which, to the knowledge of the bank, these notes were circulating, the bank had done nothing to protect the public. That would have been a very serious state of things indeed."

The object with which the bank called in an issue of notes and exchanged it for notes of another issue after forgeries had been discovered was to prevent more of the false notes getting into circulation. The public would be warned that the notes were under suspicion and the conspirators would be in very grave danger if they went on dealing with the notes. It was justifiable to infer that a forgery was on a fairly big scale.

"In view of what had been discovered by the Sunday morning [December 6, 1925]," said counsel, "there would have been a run on the bank, notice of withdrawal of the notes or no notice of withdrawal."

## "THE ONLY ALTERNATIVE"

The only alternative to the decision of December 6 was to "mark time." For how long? He (counsel) had already drawn attention to the complete absence of indication by Messrs. Waterlows that they had got any material which would enable them to distinguish the good notes from the bad. He asked the Court to find that, if the bank had asked for information on December 6, 1925, they would not have got it. On December 9, as Sir William Waterlow had said, the cat was out of the bag.

SIR JOHN SIMON.—Sir William did not say so. You coined that phrase.

Mr. BEVAN, continuing, said that it would have been intolerable if the bank, for a month, a fortnight, or even a week, with knowledge of the great falsification of notes which had taken place, had allowed people to go on accepting the Marang notes as notes for which the bank were liable.

LORD JUSTICE GREER.—Was there anything at first to indicate to Messrs. Waterlows that the false notes which were in circulation in Portugal were the Marang notes?

Mr. BEVAN.—We telegraphed saying that there was a great falsification of 500 escudos notes.

LORD JUSTICE GREER.—Messrs. Waterlows held contracts which purported to be signed by the Governor of the bank for the printing of the 500 escudos notes which they had produced.

Mr. BEVAN.—Under those contracts they had printed thousands of duplicate notes and falsification involves duplication.

"The opportunities of giving us the key to distinguish the notes which Messrs. Waterlows, by the mouth of their counsel, now say that they would have seized can only be judged by seeing how they neglected every opportunity which was open to them," said counsel.

The credit of the bank would have been shattered and confidence in it destroyed if the bank had failed to warn the community that banknotes, printed by the bank's own printers, were in circulation which were false. The bank, to minimize damages, was not bound to follow a course which might seriously injure their commercial reputation: *James Finlay and Co., Limited v. N. V. Kwik Hoo Tong H. M.* (45 *The Times L.R.*, 149; [1929] 1 K.B., 400).

Mr. Bevan asked the Court to imagine what would be the position if a notice appeared in *The Times* that £20,000,000 of the Bank of England note issue was suspect.

LORD JUSTICE SCRUTTON.—People would say: "This is what those wretched members of Parliament have brought us to." (Laughter.)

LORD JUSTICE GREER.—Others would say: "This is a difficulty. Let us go and see the Prime Minister." (Laughter.)

Mr. BEVAN.—One result would be that I should not be before your Lordships now, but at the Bank of England trying to change my few poor £5 notes. (Laughter.)

The Bank of England, he submitted, would be bound to make the matter public if it was thought that a large proportion of its note-issue had been falsified.

Turning to the question whether the bank had suffered any damage in view of the fact that they were not bound to redeem any of the notes with gold, Mr. Bevan said that Sir John Simon had dealt only with the question of the liability of the bank on the notes and not with the question of the value of the notes.

The bank acted in a double capacity. It was an issuing house, and the amount of its issue was regulated by statute, contract, and decree. When once the notes were issued they were the money of the country with which, since 1891, the people of Portugal had lived, died, worked, and amused themselves and which they had saved, very much as did people in other countries where there was a gold currency. The notes were just as much money when they were being handed by the

cashier over the counter of the bank as when they were being handed by a customer to a tradesman in payment of an account.

So soon as the notes passed over the counter of the bank into the hands of a customer they had a value because the business of the bank was not to give bank notes away for nothing. The bank only parted with notes as against value. That value might be ascertained at any moment by taking the rate of exchange with a gold basis country.

The notes could be used to buy sterling, to redeem mortgages, or to redeem pledged chattels. Sir John Simon said that the notes were of no value to the bank except the cost of buying paper and printing the notes, but they were capable of bringing in £1,000,000 sterling, or property to the value of £1,000,000 sterling.

The hearing was adjourned.

Solicitors.—Messrs. Johnson, Jecke and Colclough; Messrs. Travers-Smith, Braithwaite and Co.



# Law Report, Feb. 27

## SUMMARY OF CASES

The Judicial Committee of the Privy Council—Lord Dunedin, Lord Thankerton, Lord Russell of Killowen, Sir George Lowndes, and Sir Dinshah Mulla—gave their reasons for dismissing the petition of a number of persons against their convictions by the Court of the Lahore Conspiracy Case Tribunal, which was set up under an Ordinance promulgated by the Governor-General of India. (BHAGAT SINGH AND OTHERS V. THE KING-EMPEROR.)

Mr. Bevan continued his argument for the respondents before Lord Justice Scrutton, Lord Justice Greer, and Lord Justice Slessor in the appeal by Waterlow and Sons, Limited, the printers, from a judgment of Mr. Justice Wright in favour of the Banco de Portugal for £569,421 in the action relating to the issue of certain Portuguese bank notes. The appellants contend that the judgment calls for substantial modification as regards damages. (BANCO DE PORTUGAL V. WATERLOW AND SONS, LIMITED.)

## COURT OF APPEAL £569,421 JUDGMENT: APPEAL BY MESSRS. WATERLOWS BANCO DE PORTUGAL V. WATERLOW AND SONS, LIMITED

Before Lord Justice SCRUTTON, Lord Justice GREER, and Lord Justice SLESSOR  
The Court continued the hearing of the appeal by Waterlow and Sons, Limited, the printers, of Great Winchester-street, E.C., from the judgment of Mr. Justice Wright in the action in which the Banco de Portugal, of 148, Rua de Commercio Lisbon, bankers to the Portuguese Government, claimed damages for alleged breach of contract, negligence, or conversion from Waterlow and Sons, Limited.

The Banco de Portugal said that in 1925 they entered into certain contracts with Messrs. Waterlow and Sons for the printing and supply of Portuguese bank notes. They alleged that one of the terms of those contracts was that Messrs. Waterlow and Sons should take all necessary precautions to prevent forgery of the notes and that they should not print notes from the same plates except on the express authority of the bank and for delivery to the bank. The bank alleged that, in breach of the contracts, or negligently and in breach of duty, Messrs. Waterlow and Sons in 1925 printed a quantity of 500 escudos (about £51 bank notes of the issue bearing a portrait of Vasco da Gama, the circumnavigator, from the plates made to the bank's specification and delivered them to an unauthorized person, a Dutchman named Marang, whose associates formed the Banco de Angola e Metropole in Portugal to enable the notes to be put into circulation. The bank alleged that they were forced to withdraw the notes from circulation and to honour all which were presented, thus suffering considerable loss.

Messrs. Waterlow and Sons denied that they had been guilty of any breach of contract, breach of duty, or negligence. They further said that, if the bank had suffered any damage, that damage was caused, or contributed to, by the bank's own negligence.

Mr. Justice Wright held that there was an implied term of the contract that there was to be no use of the plates for any purpose not authorized by the plaintiffs, and that there was an absolute duty on the defendants not to print or deliver notes of the plaintiff bank without the authority of the bank, and, even if the defendants were bound only to take reasonable care to avoid such acts, to take tenants had, on the facts, fallen short of the standard of care required by the special nature of the business, and the plaintiffs were entitled to recover. His Lordship entered judgment for £569,421, with costs, in favour of the plaintiffs.

The case was reported in *The Times* of November 24 and following days, and in *47 The Times* L.R., 214.

Messrs. Waterlow and Sons appeared on the ground that the damages were excessive. Sir John Simon, K.C., Mr. Norman Birkbeck, K.C., Mr. James Wylie, and Mr. H. Bensley

Wells appeared for the appellants; Mr. Stuart Bevan, K.C., Mr. Le Queuse, K.C., Mr. D. B. Somerville, K.C., and Mr. H. L. Parker for the respondents.

Mr. Bevan, continuing his argument on behalf of the bank, said that it had been urged that before the directors of the Banco da Gama to withdraw the whole of the Vasco da Gama issue of notes on December 6, 1925, they should have communicated with Messrs. Waterlow and Sons. Sir John Simon, however, had not attempted to visualize what the position would have been if that course had been taken.

### INFORMATION TO DISTINGUISH NOTES

The evidence showed quite clearly that, if that course had been taken, the bank would not have got information which would have enabled them to distinguish between the good notes and the bad, or, if they had got it, that it would have been a very long time before it came to hand. Either Messrs. Waterlow and Sons had not got the information in their possession, or they never appreciated that the incidents which were later regarded as a key to the whole matter were of the least use to the bank.

Lord Justice SCRUTTON.—If you had sent a pair of duplicates to Messrs. Waterlow and Sons the whole thing would have been cleared up.

Mr. BEVAN.—No, my Lord.

Lord Justice SCRUTTON.—Would you not have got an answer that both the notes had been printed by Messrs. Waterlow and Sons under orders of certain dates?

Mr. BEVAN.—A communication from us would have told Messrs. Waterlow and Sons no more than they knew on December 9, and we shall see what they did on December 9, and On December 6 the bank had been told that the supposed forgeries were so perfect that they must have come from Messrs. Waterlow's plates. It never crossed the minds of anybody connected with the bank that the false notes had been printed with the authority of Messrs. Waterlow and Sons. All they permitted themselves to think was that Messrs. Waterlow's had had some dishonest person in their employment, or that someone outside their employment had stolen the plates. If the bank were right in taking that not unreasonable view, Messrs. Waterlow, on December 6, 1925, would have no knowledge of the printing of the forged notes.

Lord Justice SCRUTTON.—Neither Messrs. Waterlow and Sons nor the bank thought that anybody would have the audacity to forge the signature of the governor of the bank. Mr. BEVAN.—To whom ought that to have occurred—to the bank, who did not know the facts about the Marang orders, or to Messrs. Waterlow and Sons, who knew those facts? Continuing, Mr. Bevan said that Messrs. Waterlow and Sons were told by telegram on December 7, 1925, that there had been a great falsification of notes. That involved a great duplication of notes, and Messrs. Waterlow were asked to send an expert to Lisbon. When that telegram was received it was the duty of Messrs. Waterlow to remember that they had created a large quantity of duplicated notes, and to remember the abnormal circumstances in which they had issued those notes. Every incident in the Marang transactions was, according to Sir William Waterlow himself, abnormal.

Mr. Justice Wright based his finding of negligence against Messrs. Waterlow and Sons on the abandonment by them of their original idea of obtaining an authorization from the bank to print the notes ordered by Marang through their own representative in Lisbon; on the ground that Marang was supplied, on a very slight pretext, with the names of the directors of the bank and the order in which they had appeared on the authorized notes; and because Messrs. Waterlow and Sons had permitted a duplication of notes without making further inquiry.

During the whole time of their negotiations with Marang, Messrs. Waterlow were in weekly communication with the bank on other matters, but no opportunity was taken by them to draw attention to the Marang orders. Lord Justice Greer.—You must not forget that Messrs. Waterlow wrote directly to the bank to verify the authority for Marang's order, and that they never knew that their letter had not been delivered. Mr. BEVAN.—Yes. They sent the letter by ordinary post, not registered, post. Lord Justice Greer.—I am not sure that registered post is not more dangerous than ordinary post. People suspect it.

“BROKE BOND OF SECRECY”  
Mr. Bevan said that Mr. Justice Wright took the view that the fact that Messrs. Waterlow and Sons wrote to the bank directly and thereby broke the bond of secrecy imposed on them by Marang, indicated that they were uneasy. When Messrs. Waterlow received no reply to that letter, why did they not instruct their agents in Lisbon to go and obtain the authority from the bank? All those circumstances should have been present to the mind of Messrs. Waterlow, and, above all, the extraordinary circumstance that they had printed an issue of bank notes in duplicate. All that the bank got in reply to their telegram of December 7 was a telegram that an expert was leaving immediately.

On December 9 Sir William Waterlow was interviewed by Colonel Lucas, the representative of the Portuguese Embassy in London, who informed him of what the true position was. In Sir William Waterlow's words, the cat was then out of the bag. But, although Sir William Waterlow was faced with that terrible position, and although he realized that he owed a duty to the bank, he did not supply Colonel Lucas with the key which would have enabled the authorized notes to be distinguished from the unauthorized notes. If Messrs. Waterlow had been able then and there to supply the bank with a key it was their duty, in view of the position in which they had placed the bank, to do so.

On December 10 Messrs. Waterlow wrote to the bank in effect dissociating themselves from having in any way, however innocently, contributed to the position which had come about. The only explanation that could be offered was that Messrs. Waterlow realized that they were in a very unfortunate position, and that the consequences of their misapplied confidence in Marang might be serious to them.

Messrs. Waterlow never mentioned anything about secret marks on the notes until December 14, and then those marks were only mentioned as a piece of general information. And not as a means of identifying what were good notes and what were bad ones.

As to the duty of Messrs. Waterlow under their original contract with the bank was not only to fulfil the contract faithfully, but also, if in breach of the contract they unconsciously did something the result of which would be to injure the bank, to do all they could to rectify the position, but they never made any attempt to perform that duty.

If the bank had not put the matter into the hands of the police, but had allowed the country to be flooded with false notes, and can the forgeries had been discovered, it could have been said that the bank were the authors of their own damage, because they had taken no steps to stop the circulation of the so notes.

If Messrs. Waterlow had been eager to supply the bank with information, what better opportunity was there than that afforded by a friendly visit to the bank on December 19, 1925, of the representative of Messrs. Waterlow, when he deposited £50,000 with the bank in mark of confidence on the part of Messrs. Waterlow?

On December 19 Messrs. Waterlow's experts said that they could not distinguish the notes from the first Marang order from genuine notes. By did not say that they had not had sufficient time, or had only proceeded halfway in their investigation. They said in terms

that they could not distinguish the notes. Was it to be supposed that, if the bank had telegraphed the most complete inquiries to Messrs. Waterlow on December 7, they would have got anything better?

By the middle of January, 1926, Messrs. Waterlow had not discovered the key to distinguish the good notes from the bad, even though it was being asked for under the pressure of a magisterial inquiry. They repeated mistakes which they had made in December, 1925.

Lord Justice SLESSOR.—If you had communicated with Messrs. Waterlow, the whole of information that was subsequently discovered might have come to light much earlier. When their representatives sailed for Portugal they did not have requirements in their minds which they might have had if you had notified them in a different way.

Mr. BEVAN.—They knew what the requirements were by December 19, and when they came out again in January they repeated the same mistake and made a further one. No one, said counsel, ever threw a stone at the bank until particulars of contributory negligence were delivered in the present proceedings.

The hearing was adjourned. Solicitors: Messrs. Johnson, Jecks, and Colclough; Messrs. Travers-Smith, Braithwaite, and Co.

## JUDICIAL COMMITTEE



THE TIMES, THURSDAY, MARCH 5, 1931

COURT OF APPEAL

£569,421 JUDGMENT: APPEAL BY  
MESSRS. WATERLOWS  
BANCO DE PORTUGAL v. WATERLOW  
AND SONS, LIMITED

Before LORD JUSTICE SCRUTTON, LORD JUSTICE GREER, and LORD JUSTICE SLESSER

The Court continued the hearing of the appeal by Waterlow and Sons, Limited, the printers, of Great Winchester-street, E.C., from the judgment of Mr. Justice Wright in the action in which the Banco de Portugal, of 148, Rua de Commercio, Lisbon, bankers to the Portuguese Government, claimed damages for alleged breach of contract, negligence, or conversion from Waterlow and Sons, Limited.

The Banco de Portugal said that in 1922 they entered into certain contracts with Messrs. Waterlow and Sons for the printing and supply of Portuguese bank notes. They alleged that one of the terms of those contracts was that Messrs. Waterlow and Sons should take all necessary precautions to prevent forgery of the notes and that they should not print notes from the same plates except on the express authority of the bank and for delivery to the bank. The bank alleged that, in breach of the contracts, or negligently and in breach of duty, Messrs. Waterlow and Sons in 1925 printed a quantity of 500 escudos [about £5] bank notes of the issue bearing a portrait of Vasco da Gama, the circumnavigator, from the plates made to the bank's specification and delivered them to an unauthorized person, a Dutchman named Marang, whose associates formed the Banco de Angola e Metropole in Portugal to enable the notes to be put into circulation. The bank alleged that they were forced to withdraw the notes from circulation and to honour all which were presented, thus suffering considerable loss.

Messrs. Waterlow and Sons denied that they had been guilty of any breach of contract, breach of duty, or negligence. They further said that, if the bank had suffered any damage, that damage was caused, or contributed to, by the bank's own negligence.

Mr. Justice Wright held that it was an implied term of the contract that there was to be no use of the plates for any purpose not authorized by the plaintiffs, and that there was an absolute duty on the defendants not to print or deliver notes of the plaintiff bank without the authority of the bank, and, even if the defendants were bound only to take reasonable care to avoid such acts, the defendants had, on the facts, fallen short of the standard of care required by the special nature of the business, and the plaintiffs were entitled to recover. His Lordship entered judgment for £569,421, with costs, in favour of the Banco de Portugal.

The case was reported in *The Times* of November 24 and following days, and in 47 *The Times* L.R., 214.

Messrs. Waterlow and Sons appealed on the ground that the damages were excessive.

Sir John Simon, K.C., Mr. Norman Birkett, K.C., Mr. James Wylie, and Mr. H. Bensley Wells appeared for the appellants; Mr. Stuart Bevan, K.C., Mr. Le Quesne, K.C., Mr. D. B. Somervell, K.C., and Mr. H. L. Parker for the respondents.

Mr. LE QUESNE, continuing his argument on behalf of the bank, submitted that it was Messrs. Waterlow and Sons who had placed the bank in the position in which it found itself. The bank was bound to go on paying both good and bad notes alike because they had to come to a decision in the matter before they heard from Messrs. Waterlows. The law did not require the bank to embark on a course of conduct which might involve a breach of the peace to mitigate the damages which Messrs. Waterlow had caused to it.

As to the inconvertibility of the notes, the bank was entitled to be put back into the position as if the breach of contract had not been committed. The holders of bad notes would receive good notes in exchange from the bank, which obtained no consideration therefor, and the bank was entitled to look to Messrs. Waterlows for recoupment. The bank could not be required to take steps which were not those of sound finance, and it was impoverished to the extent of the notes paid out without value. It had been suggested that all that the bank had to do was to print another 100,000,000 escudos' worth of notes to replace those which they had paid out against the Marang notes which they took in. If, however, that suggestion had in fact been followed by the bank it would have been adopting a measure which was not one of sound finance and which undoubtedly would have shaken the confidence of the public in the bank and in its methods of managing its currency.

The hearing was adjourned.

Solicitors.—Messrs. Johnson, Jecks, and Colclough; Messrs. Travers-Smith, Braithwaite, and Co.



a Dr. Eager, who had never seen Mr. Christie, and went to a magistrate, who did not know Mr. Christie, and the two doctors certified him as of unsound mind.

"Mr. Christie was taken away like a carcass to a mental home. He remained there for 48 hours, and then he was taken home by his wife, who had got him certified, so that, if proceedings were taken in the future, she would be able to say that he had been certified as insane."

The hearing was adjourned.

Solicitors.—Messrs. Gregory, Rowcliffe, and Co.; Messrs. Torr and Co. for Messrs. Toller, Oerton, and Balsdon, Barnstaple; Messrs. Nash, Field, and Co.

# COURT OF APPEAL

£569,421 JUDGMENT: APPEAL BY  
MESSRS. WATERLOWS

BANCO DE PORTUGAL v. WATERLOW  
AND SONS, LIMITED

Before LORD JUSTICE SCRUTTON, LORD JUSTICE GREEN, and LORD JUSTICE SLESSER

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Mr. LE QUESNE, on behalf of the bank, said that the bank could not avoid coming to a decision, on December 6, 1925, to withdraw from circulation the Vasco da Gama issue of notes before communicating with Messrs. Waterlow and Sons.

## POSITION OF THE BANK

It was unreasonable to expect the Governor of the bank to communicate with Messrs. Waterlows before the meeting of the directors of the bank. Therefore, no telegram could have been dispatched to London before the night of December 6. The bank had to open at 10 a.m. on December 7. A telegram could not have been received by Messrs. Waterlows until their office had been opened and a matter of that importance could not be dealt with until the responsible officials of the firm had arrived at the office and decided what they should do. It was, therefore, certain that the bank had to come to a conclusion what they were going to do before they could possibly get any help from Messrs. Waterlows.

The bank also were bound to give some notice to the public before the bank opened on December 7. The public had been excited for weeks about the Banco de Angola e Metropole and its financial position. They knew that that bank was under suspicion of having committed a very grave offence. They knew that notes had been seized and they must have been asking themselves: "Can we be sure that any Vasco da Gama notes are good?" If the bank had done nothing, they would have been guilty of a breach of duty towards the public and trouble would have arisen which was averted by the action which the bank in fact took. In any case, there would have been a run on the bank at least as serious as the run which actually occurred on December 7 and 8.

Mr. Le Quesne went on to contend that Messrs. Waterlow and Sons had failed to show that the Bank of Portugal had acted unreasonably in the circumstances. Any other action on their part would have led to a greater run than that which actually took place. The public would have become suspicious that there was something wrong with the validity of the notes, and there would have been panic and possibly disorder.

The hearing was adjourned.

Solicitors.—Messrs. Johnson, Jecks and Colclough; Messrs. Travers-Smith, Braithwaite and Co.

SIR REDDOE REES'S



clippings from THE TIMES (London)

February 28

March 3

" 4

" 5

" 6

C.P.R.  
MAR 19 1931



C.P.R.  
MAR 30 1931

LETTER No. 54.

Caracas, Venezuela.

March 16th. 1931.

American Bank Note Co.  
70 Broad Street.  
New York City. N.Y.

Dear Sirs,

WATERLOW SONS & Co. - BANK OF PORTUGAL.

It may interest you to know that a short report of the Waterlow Sons & Co. and Bank of Portugal case has been published in one of the local papers, "El Universal", in their issue of March 12th. For your files I enclose a clipping from that issue to show the widespread interest in the case.

I wish to state that I have had nothing to do with this publication.

Yours very truly,

*Charles Blackmore*

OTHER COPY IN  
PACKET 165 trip



## PLEITO ESPECTACULAR EN LONDRES

# La Falsificación de un Millón de Libras en Portugal

**Los Billetes Falsificados Tenían el Retrato del Poeta Portugués Joao de Deus.**

(Para EL UNIVERSAL).

Londres, febrero de 1931.— Uno de los pleitos más curiosos de los tiempos modernos acaba de ventilarse ante el Juez Wright en el Tribunal de Comercio de la City.

El pleito fué entablado por el Banco de Portugal contra Waterlow & Sons, impresores de Londres, y el banco portugués exigía una indemnización de más de un millón de libras esterlinas, alegando rompimiento de contrata y negligencia al permitir la impresión y circulación en Portugal y otros puntos de billetes falsos, que fueron objeto de un ruidoso pleito en Lisboa.

El Banco de Portugal tiene la exclusiva para la impresión de billetes en Portugal y sus posesiones. La casa Waterlow fué empleada en 1922 por el Banco citado para imprimir billetes de 500 escudos, llamados "billetes de Vasco da Gama". Estos billetes llevaban la fotografía del famoso navegante portugués, protagonista de la ópera "La Africana".

En 1924 un holandés llamado Marang llegó a Londres con cartas de presentación para la casa de Waterlow. Ahora se sabe que el Marang era miembro de una pandilla de bandidos internacionales, y sus planes parece que estaban formulados con gran astucia.

Marang le dijo a Waterlow que las finanzas de la colonia portuguesa de Angola estaban en pésimas condiciones y que un sindicato holandés se proponía ayudar a dicha colonia. Marang presentó copia de un contrato de su compañía con el gobernador de Angola. En tal contrato se exponía que el sindicato holandés debería circular cien millones de escudos en billetes de banco. Esta suma y la de otro contrato entre el Banco de Portugal y el gobernador de Angola, mediante el cual el banco autorizaba al gobernador a imprimir los billetes que el sindicato holandés circularía, estaban respaldados por ejemplares de los billetes de 500 y de mil escudos.

Estos billetes tenían el retrato del poeta portugués Joao de Deus. Waterlow dijo que no tenía los moldes para hacer esta impresión pero que podría hacer la de 500 escudos con el retrato de Vasco da Gama.

En el pleito el Banco de Portugal alega que cuando Waterlow, les escribió ellos le manifestaron que no conocían a Marang ni sabían nada de los negocios de que éste hablaba. Pero según afirma el abogado del Banco, Waterlow no hizo caso a su carta y cuando Marang se presentó nuevamente en su casa con una carta aparentemente falsificada del gobernador del Banco, autorizando a Waterlow a entregar a Marang los billetes duplicados.

Estos son los billetes que la pandilla circuló en Portugal. El Banco al

darse cuenta de la estratagema ordenó la suspensión de la especie. Pero el daño ya estaba hecho.

Jack P. Reede.

"El Universal"

Caracas, Venezuela

12<sup>th</sup> March 1931



C.P.R.  
APR -6 1931

March 19, 1931

Re: Bank of Portugal v. Waterlow & Sons Lawsuit

My dear Leslie:-

I beg to acknowledge receipt of your letters of the 10th & 11th inst. re the above together with the collection of pages from "The Times". I thank you very much for these clippings which have been pasted in my album.

Very sincerely yours,

H.L.HENDRIKS Esq. O.B.E.  
Bradbury, Wilkinson & Co. Ltd.  
NEW MALDEN  
Surrey

*Neither  
see nor  
filing*  
  
*both brought  
back from  
Paris by R*



FOREIGN DEPT.  
A.B.N.CO.



APR -3 1931



## AMERICAN BANK NOTE COMPANY

SUBJECT

WATERLOW - BANK OF PORTUGAL CASE

Paris  
to  
New York

TO NEW YORK FROM PARIS

DATE

March 25, 1931

C. P. R.  
APR - 3 1931

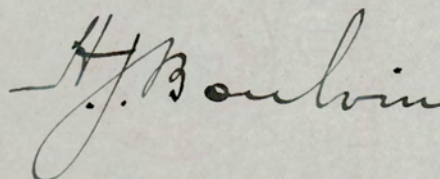
Your lines of March 13th came to hand.

Since writing you we received from London a complete set of press clippings relating to this case which we sent to Mr. Nicolopulo.

We shall therefore keep the duplicate collection which we have just received from you for eventual disposal later.

Thanks.

Yours very truly



HJB/G

PACKET 1138



AMERICAN BANK NOTE COMPANY

NEW YORK

TO NEW YORK FROM

DATE

TO NEW YORK FROM

APR 3 1931

Your check of \$1000.00 is hereby cashed.

Since we have received your check in full payment of

our account with you, we are enclosing herewith a receipt for the same.

Very truly yours,

AMERICAN BANK NOTE COMPANY

which we have just received from you for your account.

Sincerely,

FOREIGN DEPT.  
A.B.N.CO.

A M



APR -3 1931





C. P. R.  
MAR 30 1931

March 27, 1931

Charles T. Blackmore, Esq.,  
c/o Sr. Juan Ehrman,  
Apartado 682,  
Panama City, Panama.

Dear Sir:-

WATERLOW & SONS - BANK OF PORTUGAL

We have your letter No. 54, of March 16th, together with the newspaper clipping from "El Universal", in connection with this affair.

The matter has been made so public that we suppose this paper got it in the usual way. There is no harm in this; as a matter of fact we are very glad to see it given such wide-spread publicity in this way. We simply do not want to be put in a position of having anyone point a finger at us and say that we are using it in sales propaganda.

Yours very truly,

Manager Foreign Department.

FWG/IW

OTHER COPY IN  
PACKET 165-6up



C. P. R.  
MAR 31 1931

### WATERLOW JUDGMENT CUT.

Bank of Portugal to Get \$1,500,000  
Damages From Banknote Printers.

Wireless to THE NEW YORK TIMES.

LONDON, March 26.—The Court of Appeal today reduced the damages recently awarded to the Bank of Portugal against Waterlow & Sons, leading London printers, from \$3,347,150 to \$1,500,000.

In the action, lasting twenty-one days, the bank alleged that the Waterlow firm negligently printed a large number of Portuguese banknotes on forged orders produced by a Dutchman named Morang. The judge repeated today that no imputation was intended against the honesty of the Waterlow firm, whose chairman, Sir William Waterlow, was formerly Lord Mayor of London.

The bank's cross-appeal for increased damages was dismissed and a stay was granted for six weeks, pending appeal by the Waterlow firm to the House of Lords.

NY  
Times  
27/3/31  
1931



C. P. R.  
APR 20 1931

JORGE HERRERA-TANCO

Translation

March 28, 1931.

A.B.N.Co  
N.Y.

COMPETITORS - De la Rue & Co.  
Waterlow Sons & Co.

I am pleased to acknowledge receipt of your valued favor of the 5th inst., contents of which I have noted with special interest.

I likewise received the photostat copies of the articles which appeared in the London Times and other papers and reviews relative to the judgment rendered in the Waterlow - Banco de Portugal case, whereby the first mentioned will have to pay that Bank a large sum for damages caused them.

Inasmuch as various Directors of the Banco de la Republica and the Manager, Mr. Caro, had spoken to me already of this incident, and that they were informed of it, having seen it in the English papers, I did not hesitate to show the clipping you sent me, to Mr. Caro, so that he might be fully informed and could then advise the members of the Board of Directors of the Bank, as indeed he did do.

The forwarding of these publications has been most opportune and useful to show here what could happen to those who desire to use good documents of value, inclusive bank notes, in dealing with houses which are not responsible and whose organization is not a serious one.

As soon as Mr. Caro has finished reading all these documents, and returns same to me, I shall return them to you as you request.

I read with interest what you communicate to me respecting the house of De la Rue & Co., in that letter, and your observations in the matter.

I thank you for giving me this important information, and remain,  
Yours, etc.

(IW)



• 100 - (

100



C. P. R.  
APR 26 1931

SUBJECT

AMERICAN BANK NOTE COMPANY.

COMPETITORS- De la Rue & Co  
Waterlow Sons & Co

Colombia  
to  
New York

DATE 28 Marzo de 1931.

Tengo el gusto de acusar recibo de la muy apreciable de Uds fecha 5 del presente mes de cuyo contenido me impuse con especial interés.

Recibí igualmente las copias fotograficas de las publicaciones en el Times de Londres y en otros diarios y revistas referentes al juicio seguido entre Waterlow y el Banco de Portugal que dió por resultado el que los primeros fueran condenados a pagar a dicho Banco una fuerte suma por los perjuicios recibidos.

Dado que varios de los Directores del Banco de la Republica y el mismo Gerente, señor Caro, me habian hablado ya de éste incidente y que estaban impuestos de él por haberlo leído en los diarios ingleses, no vacilé en pasar todos los recortes que Uds me enviaron al señor Caro para que él se impusiera in extenso y detalladamente del asunto y lo comunicara después a los miembros de la Junta Directiva del Banco, como en efecto lo hizo.

El envío de estas publicaciones ha sido muy oportuno y conveniente para demostrar aquí lo que podría ocurrir a los que desean emplear buenos papeles de seguridad, billetes de banco inclusive, al entenderse con casas que no sean responsables y cuya organización no sea seria.

Tan pronto como haya terminado la lectura de todos estos documentos el señor Caro y me los devuelva los devolveré a Uds de acuerdo con lo que me piden.

Leí con mucha atención lo que me comunican respecto a la casa De la Rue & Co en dicha carta y las atinadas observaciones de Uds al respecto.

Doy a Uds las gracias por el envío de tan importantes informaciones y me repito su muy atento servidor,

J. Herrera Tanco



Colombia  
to  
New York

FOREIGN DEPT  
A. B. N. CO.



APR 20 1931



RECEIVED



Bradbury, Wilkinson & Co., Ltd.

Subject BANK OF PORTUGAL V. WATERLOW & SONS.

A.L.S.  
APR -9 1931

London

to

Date 30th March, 1931.

New York

C. P. R.  
APR 15 1931

We send you herewith a page from "The Times" of  
the 27th March, containing a report of the appeal <sup>judgment</sup> in the  
above case.

*SLA*

Original clippings filed in drawer in cabinet



BANK OF PORTUGAL - Waterlow & Sons.

LONDON

April 13, 1931.

C.P.R.  
APR 15 1931

Thank you for your letter of March 30th,  
enclosing a page from the London "Times", containing  
a report of the appeal judgment in this case.

---

A.L.S.

FWG/IW

Superior Mento  
ESTD 1876



C. P. R.  
APR 16 1931

April 15, 1931.

Mr. H. R. Treadwell, Vice President,  
Bronx.

---

WATERLOW - BANK OF PORTUGAL CASE

Please have made for me 12 photostat  
copies of each of the two enclosed sheets, which are from the  
London Times.

---

Manager Foreign Department.

FWG/IW



C. P. R.  
APR 20 1931

April 17, 1931.

Charles T. Blackmore, Esq.,  
c/o Banco John M. Keith,  
San José, Costa Rica.

Dear Sir:-

WATERLOW vs. BANK OF PORTUGAL

We enclose herewith photostat copy of the appeal judgment that has just been handed down in this case.

We suggest you insert these two pages in the book you have on this matter.

Yours very truly,

Manager Foreign Department.

Enclosure - 1  
FWG/IW

Photostat also sent to-----  
H. L. Williams  
Rio Office  
Colombia  
Paris (2 copies)  
Ottawa

ORIGINAL CLIPPINGS from which photostats were made....  
are filed in drawer in cabinet

OTHER COPY IN  
PACKET 165 trip



C.P.R.  
APR 20 1931

WATERLOW vs. BANK OF PORTUGAL

OTTAWA

April 17, 1931

We enclose herewith photostat copy of the  
appeal judgment that has just been handed down in this case.

We suggest you insert these two pages in the  
book you have on this matter.

---

Manager Foreign Department.

Enclosure - 1  
FWG/IW



# CANADIAN BANK NOTE COMPANY, LIMITED.

**SUBJECT** WATERLOW vs. BANK OF PORTUGAL

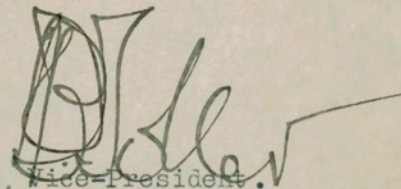
**TO NEW YORK FROM OTTAWA**

**DATE** April 21st, 1931.

ENTERED  
**Ottawa**

We have to thank you for your letter of the 17th instant together with photostat copy of the appeal judgment recently handed down in this case and as suggested we have inserted these two pages in our book covering the report of this matter.

PBT/D.

  
Vice-President.



RECEIVED



APR 22 1931



## AMERICAN BANK NOTE COMPANY

SUBJECT

WATERLOW vs. BANK OF PORTUGAL

TO NEW YORK FROM PARIS

DATE April 27, 1931

Paris  
to  
New York

We acknowledge receipt of your letter of  
April 17, with enclosures as stated, and will make the dispo-  
sition of them which you suggest.

Yours very truly

*H. J. B. Sullivan*

BMG

OTHER COPY IN  
PACKET. 1138



Paris

AMERICAN BANK NOTE COMPANY

to

NEW YORK

NEW YORK

New York

FOREIGN DEPT.  
A.B.N.CO.



MAY - 5 1931

MAY - 5 1931



RECEIVED



HENRY L. WILLIAMS  
REPRESENTANTE DE LA  
AMERICAN BANK NOTE COMPANY  
NEW YORK

Quito, May 5, 1931.

C. P. R.  
MAY 25 1931

Messrs. American Bank Note Company,  
New York.

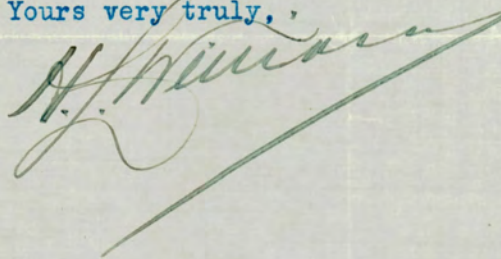
Dear Sirs:

WATERLOW vs. BANK OF PORTUGAL

I am duly in receipt of your favor of April 17th., enclosing  
photostat copy of the appeal judgment in this case, for which I  
thank you.

The two pages I shall insert in the book of such copies I  
have, just as you suggest.

Yours very truly,



OTHER COPY IN  
PACKET 500 Trip



RECEIVED



MAY 25 1931

FOREIGN DEPT  
A.B.N.CO.



MAY 25 1931

HENRY J. WILLIAMS  
REPRESENTATIVE  
AMERICAN BANK NOTE COMPANY  
NEW YORK



AMERICAN BANK NOTE COMPANY.

SUBJECT Waterlow - Bank of Portugal

Rio de Janeiro

TO

New York

DATE May 8 1931

C. P. R.  
MAY 23 1931

I have your letter of April 17th with enclosures as stated. The two photostats have been placed in the book covering this subject.

I would acknowledge receipt of your letters of February 16th and March 17th in connection with this suit.

Yours very truly,

*John Lane*

JL

OTHER COPY IN

PACKET

593



Rio de Janeiro

New York

FOREIGN DEPT.  
A.B.N.CO.



MAY 23 1931

RECEIVED



MAY 23 1931



AMERICAN BANK NOTE COMPANY.

SUBJECT

Waterlow vs Bank of Portugal

J.C.  
JUN -8 1931

Colombia  
to  
New York

DATE 15 Mayo de 1931.

C. P. R.  
JUN -8 1931

Con la muy apreciable de Uds fecha 17 de Abril  
ppdo, recibí el photostat copia que Uds me enuncian en ella y de  
cuyo contenido me impuse con especial interés.

De acuerdo con lo que me dicen Uds inserté estas  
hojas en el libro que, con las copias de éste proceso, se sirvieron  
Uds enviarme.

Les doy las gracias por éste nueva información y me  
repito como siempre,

Su muy atento servidor,

*J. Herrera Tanco*

TRANSLATION With your valued favor of April 17th  
I received the photostat copy which you advised sending  
me, and contents of which I have noted with special in-  
terest.

In accordance with what you tell me I inserted  
these sheets in the book, with the copies of this suit,  
you so kindly sent me.

Thanking you for this further information,  
Yours, etc.

(IW)



Colombia  
to  
New York

A.C.  
JUN - 8 1931

FOREIGN DEPT  
A.B.N.CO.



JUN - 8 1931



RECEIVED

JUN - 8 1931



C. P. R.  
MAY 27 1931

Guatemala City.

May 19th., 1931.

American Bank Note Co.,  
70 Broad Street.  
New York City. N.Y.

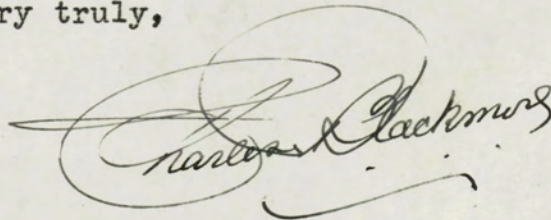
Dear Sirs,

WATERLOW vs. BANK OF PORTUGAL.

I acknowledge receipt of your letter of April 17th.,  
enclosing photostat copy of the official judgement which was  
handed down in the case of "Waterlow vs. Bank of Portugal".

I thank you for sending me this latest report on the  
case. I have read it with interest, and I have attached it to  
the other articles I received from you in book form.

Yours very truly,





101. 101. 101.

MADE

Quatemala City.

May 1931.

FOREIGN DEPT  
A.B.N.CO.

P



M

American Bank Note Co.  
70 Broad Street  
New York City.

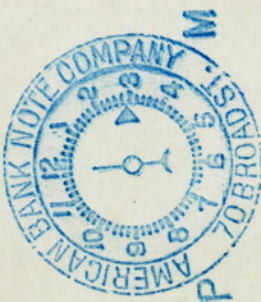
Dear Sirs,

RECEIVED

MAY 27 1931

I acknowledge receipt of your letter of April 17th.  
enclosing photostat copy of the official judgment which was  
rendered down in the case of "Westerly vs. Bank of Portugal".  
I thank you for sending me this latest report on the  
case. I have read it with interest, and I have attached it to  
the other exhibits I received from you in back form.  
Yours very truly,

RECEIVED



MAY 27 1931



C. P. R.  
AUG 28 1931

Aug. 26, 1931

extract from our letter to London ..... filing-copy in #54 National Bank of  
Greece (Bonds)

This communication further states that the Banque Nationale has not forgotten the case of the Bank of Portugal and that as far as Perkins & Bacon are concerned, they are considered as a second class firm; as to De la Rue it is but a real ruin. So I take it that these two last firms will not be taken seriously in spite of their low quotations.



C.P.R.  
MAY -3 1932

April 28, 1932.

A. L. Schomp  
New York

*File*  
**A.L.S.**  
APR 28 1932

Evkye	April 28th
Akzyk	have just
Ebgil	returned
Ajkys	from the
House	House
Axfyj	of
Lords	Lords
Aglot	final decision
Abkac	against
Enrag	Waterlow Sons & Company
Iwrovfo	£610,000
Abrol	and all
Agcuk	costs
Abhiz	advise
Epxet	H. F. Payne
Axlil	and other
Abkuh	agents
Epxiz	D. E. Woodhull

*McClelland v. F.*

*Write to our agents on this  
subject -*



C. F. R.  
MAY -6 1932

File  
G.W.T.C.  
MAY -5 1932

April 28, 1932.

A. L. Schomp  
New York

Bk. of Portugal.

A.L.S.  
APR 28 1932

Evkye

Akzyk

April 28th  
have just

Ebgil

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returned  
from the

House

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Waterlow Sons & Company

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Abrol

£610,000  
and all

Agcuk

Abhiz

costs  
advise

Epxet

Axlil

H. F. Payne  
and other

Abkuh

Epxiz

agents  
D. E. Woodhull

Advised Apr. 28/32.  
G.W.T.C.

Mr. G.W.T.C. Tomlinson

See orig cable - filed in #523 Bank Notes



C. P. R.  
MAY -6 1932

Confirmed  
G.W.T.C.  
MAY -5 1932

April 28, 1932.

BANKNOTE (H.F. Payne)  
SHANGHAI (China)

*Bk. of Portugal*

EVKYCepxiz

April 28th  
D.E. Woodhull

ECNIM ajkes

has telegraphed  
From

ERKYJ ectez

London  
that the

AGLOT abkac

final decision  
against

ENRAG akvox

Waterlow Sons & Co., London  
is

IW rovfo

£. Sterling  
610,000

ABROLagcuk

and all  
costs

AFTYMenkor

in connection with  
Bank of Portugal

ALLOZ epxew

matter

A.L. Schomp

(IW)

*Handwritten signature*

OTHER GOVT. IN-  
PACKET. F.E. #102



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\$

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CLARENCE H. MACKAY, PRESIDENT

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URGENT	PREFERRED
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HANOVER 1140

ALL AMERICA  
CABLES



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TELEGRAPH

ADDRESS  
20 BROAD STREET

"CABLES TO ALL THE WORLD"

FORM CCC2

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April 28, 1932.

BANKNOTE

SHANGHAI(China)

EVKYCEPXIZ EGNIMAJKES ERKYJECTEZ  
AGLOTABKAC ENRAGAKVOX IWROVFO  
ABROLAGCUK AFTYMEMKOR ALLOZEPXEW

*A. H. Mackay*



# Commercial Cables

ALL AMERICA CABLES

POSTAL TELEGRAPH

*The International System*

MAIN CABLE OFFICE

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ALWAYS OPEN

TELEPHONE HANOVER 1140

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To guard against mistakes or delays, the sender of a message should WRITE IT LEGIBLY and order it REPEATED; that is, telegraphed back to the sending station for comparison. For such repeating an additional charge of one-half the regular rate will be made.

It is agreed between the sender of the message on the face hereof, and this Company, that said Company shall not be liable for mistakes or delays in transmission or delivery, or for non-delivery, or mis-delivery of any un-repeated message beyond the amount of that portion of the charge which may or shall accrue to this Company out of the amount received from the sender for this, and the other companies, by whose lines such message may pass to reach its destination; and that this Company shall not be liable for mistakes in the transmission or delivery, or for non-delivery, or mis-delivery of any repeated message beyond fifty times the extra sum received by this Company from the sender for repeating such message over its own lines.

This Company is hereby made the agent of the sender without liability to forward any message by the lines of any other company to reach its destination.

This Company shall not be responsible for messages until they are presented and accepted at one of its transmitting offices; if a message be sent to such office by one of the Company's messengers, the messenger acts for that purpose as the agent of the sender; if by telephone, the person receiving the message acts therein as the agent of the sender, and is authorized to assent to these conditions on behalf of the sender.

This Company shall not be liable in any case where the claim is not presented in writing within sixty days after the filing of the message.

It is agreed that prompt and correct transmission and delivery of this message shall be presumed in any action for recovery of the tolls therefor, subject, however, to rebuttal by competent evidence.

This Company shall not be liable in any case for delays arising from interruptions to the working of its lines, nor for errors in cipher or obscure messages.

In any event this Company shall not be held liable for any loss or damage, or for delay or detention, or errors caused by storms or the action of the elements, or other acts of God, or by civil or military authority, or by insurrections, riots, rebellions, or dangers incident to the time of war, or by the unlawful acts of individuals.

This is an UNREPEATED message and is transmitted and delivered by request of the sender under the conditions named above.

No employee of this Company is authorized to vary the foregoing.

CLARENCE H. MACKAY, PRESIDENT.

---



C. F. R.  
MAY -9 1932

THE NEW YORK TIMES,

**Portuguese Bank Wins \$1,610,392 in Forgery;  
Britain Decides Against London Printing House**

Wireless to THE NEW YORK TIMES.

LONDON, April 28.—After six years of litigation involving costs of £195,000, the House of Lords Judiciary Committee, Britain's highest judicial tribunal, finally settled the so-called Waterlow case today in favor of the Bank of Portugal.

The court awarded the bank \$1,610,392 and costs against the old-established London printing house of Waterlow & Sons, regular bank note printers for the Bank of Portugal. Frauds on which the action was based were committed in 1924 by a Dutchman named Marang, who deceived Waterlow's into printing 580,000 bank notes which the Portuguese bank had not authorized.

"No suggestion has been made or can be made against the honesty of Messrs. Waterlow," said Lord Sankey, Lord High Chancellor, in deliv-

ering judgment. "They, just as much as the banks were victims of the Marang fraud."

Apart from the huge sums involved, the case is of unusual interest as illustrating the stern impartiality of British justice. The Waterlow company is probably the best known printing house in England, and its chairman, when the frauds were committed, was Sir William Waterlow, later Lord Mayor of London. Yet all three British courts which have handled the case have pronounced in favor of the Portuguese bank.

After today's decision Waterlow's promised a statement to its shareholders, but assured them that "the resources of the company are ample to meet any eventuality and the efficient conduct of business will in no way be impaired."

*ny. Times*  
*4/29/32.*

195.000  
350  
975.0000  
585  
682,5000



Bradbury, Wilkinson & Co., Ltd.

DEW.

London

Subject BANK OF PORTUGAL V. MESSRS. WATERLOW & SONS

to

Date 29th April, 1932.

New York

C.P.R.  
MAY 17 1932

Following our telegram of yesterday's date, we  
send you herewith page from today's "Times", containing  
Report of the Final Appeal before the House of Lords.

*G. H. S.*

*M. Bullett*

~~no time for filing~~  
filed in drawer  
with other clippings  
CR 5/24/32



Shanghai

C. P. R.  
MAY 16 1932

BANK OF PORTUGAL AFFAIR

May 5, 1932.

We were pleased to relay to you Mr. Woodhull's message of April 28th from London, by our cable of the same date, regarding the final decision of the House of Lords against Waterlow & Sons, in favor of the Bank of Portugal, in the sum of £610,000, plus all costs.

As you will perceive, this amount is somewhat more than it was before the case was appealed.

---

Manager Far Eastern Department.

GWTC/IW

OTHER COPY IN  
3.E. 102  
PAFET



Brown Plant  
10 May 1932

Dear Gullett -

This has just come in  
and I send it you by  
bag. I will watch out  
for any comments -  
Editorially - in later  
Editions, & also in the  
English financial papers.

Wol.

C. P. R.  
MAY 16 1932



London Times Apr 29 1932

Page 4.

Sent to John McKeith & Co Que

19/10/33 - to be returned -



May 16, 1932.

C. P. R.  
MAY 17 1932

Thank you for your letter of April 29th,  
with the enclosure mentioned therein, which we have read  
with much interest.

---

IW



## AMERICAN BANK NOTE COMPANY

China  
(Shanghai)

SUBJECT

Waterlow and Sons, Ltd.to  
New York

DATE May 21, 1932.

I enclose a clipping from this morning's North China Daily News with regard to the above company's case vis a vis the Bank of Portugal. The subject matter is of course familiar to you, but it is interesting to note that a British owned paper would give it so much publicity. As a rule, if an American is overtaken in a fault the fact is emblazoned all over the front page, while any British derelictions are in small type on the back leaf.

When this decision of the House of Lords first came out, a short cable item was published the day after I received your cablegram advising me of the award. It is a sad commentary on the present state of affairs that the only good news we have had for over a year dealt with the misfortune of someone else.

I read in the New York Times I think, that in addition to the 600,000 odd Pounds, Waterlow's were also assessed 90,000 Pounds legal fees.

*L. F. Bayne*  
Vice President.

The item about the law costs was in the news columns of the Shanghai Times and is attached.



C. P. R.  
JUN 22 1932

*clippings*



## THE WATERLOW APPEAL

(Continued from Page 15.)

which the bank were entitled to do, made all the difference.

For those reasons he was of opinion that the appeal of the bank succeeded, and that judgment should be entered for the bank for £610,392. The appeal of Messrs. Waterlow should be dismissed.

Lord Atkin and Lord Macmillan gave judgment to the same effect.

## Lord Warrington's View

Lord Warrington of Clyffe said that it was in his opinion impossible to say that, having regard to the position at the time, and the possible consequences both to Portugal and to the bank itself of the circulation of the spurious notes, the action taken by the bank in exchanging all the notes of the type in question whether genuine or spurious for other genuine currency was not a reasonable step to take, and one which might be expected to be taken as a consequence of such a breach of contract as that in the present case.

The damages were damages for breach of contract, and in such

XIII. This room also contains a "Massacre of the Maccabees" and an "Adoration of the Magi," which are little known.

The last two rooms are devoted to paintings of non-sacred subjects. In Room XIV. are pictures of still-life, paintings by Rosa da Tivoli, and "La Fortuna" of Guido Reni. In Room XV. Titian's famous portrait of a Doge hangs in company of Lawrence's portrait of George IV. of England and works by Vicar and Crespino Spagnolo. The portrait of Pope Benedict XIV. by the last-named is interesting because examination has shown that it was painted while the sitter was still Cardinal Lambertini and that it was altered after he was elected Pope.

Apart from the additions mentioned there are no new exhibits of very outstanding merit. Professor Biagetti has, however, examined carefully the contents of the Hall of the Consistory, the little picture gallery in the Lateran Palace, and the pictures out at Castelgandolfo and has readily enough included in the new gallery examples of Palmezzano, Bartolomeo Montagna, Bissolo, Garofalo (an excellent "Vision of the Virgin, Augustus, and the Sibyl"), Desso Dossi, and Venusti. To the portraits has been added one of Pope Clement IX. by Maratta, from the Rospigliosi Palace. Among the pictures withdrawn are a so-called Correggio, two or three specimens of the school of Marillo, an Anchea del Sarto, and some Primitives.

## Restoration

Downstairs upon the first floor of the gallery lofty and airy rooms are now available for the storage of pictures and tapestries kept in deposit, for the examination of pictures of doubtful authorship, and for the restoration of damaged works. Hitherto the space available for restoration work has been most inadequate. These downstairs rooms are fitted with all the latest "gadgets" and show that Professor Biagetti's recent tour of foreign galleries has been put to good use. There are large washing-troughs, apparatus for the hanging and handling of tapestries, and all sorts of steel scaffoldings and frames, while a scientifically curved floor in one room will allow the largest canvases to be stretched over the convex surface without danger of the fabric being permanently distorted.

This restoration work is specially dear to Professor Biagetti's heart. He has now placed it upon a thoroughly organized basis. For the last ten years each picture, each tapestry and fresco, entrusted by him to the repairers has had its own dossier, like the charts over a patient's bed in a hospital. The condition in which the work was found is exactly noted, together with the repairs now effected, so that in future it will be possible to know just what has been done to any given object of art and whether deterioration is proceeding rapidly or not. Of all the improvements introduced by Professor Biagetti this is perhaps the one of which he is most proud. The light and well-equipped rooms downstairs and the large lift fitted into the middle of the gallery should enable him to keep the collection in good repair without undue trouble.

cases it had to be remembered that they were exclusively measured by a loss actually incurred by the bank and capable of being quantified in terms of money.

In reaching a conclusion it was essential to bear in mind that the sole measure of damages on which the bank insisted at the trial and still insisted was the face value, translated into sterling at the rate of £5 for every sum of 500 escudos issued by them in exchange for a spurious note. They had maintained throughout that in issuing genuine currency in exchange for spurious notes they must be treated as having expended so much cash without receiving any consideration in return, and therefore to be the poorer by the amount so expended. They made no attempt to prove that (except the expense of obtaining the paper and printing the notes) they incurred any other loss or damage, directly or indirectly, as, for example, by the increase in the currency and the consequent depreciation of its purchasing power, or by injury to their credit or interference in their relations with the Government or otherwise. All those considerations might be set aside, and accordingly in explaining the views he entertained by "damages" he meant only such damages as were claimed by the bank. There might be loss or damage of another kind, but that was not in question.

The whole question in his opinion turned on the nature of the obligation incurred by the issuing bank under the notes it issued. They were in effect promissory notes payable to bearer on demand. So long as they remained in the possession of the bank they were merely pieces of paper, and if, for example, they were lost or destroyed while in their possession they could be replaced by printing other notes at the cost of the paper and the printing.

As soon as a note was issued it imposed an obligation on the bank to pay to the bearer on demand 500 escudos. That last was the only material obligation in the present case.

It was proved by the evidence of witnesses called on behalf of the bank that the only material obligation was satisfied by exchanging the note in question for another note of like denomination. If a judgment were recovered against the bank it would be satisfied by delivery of currency for the amount.

Where, therefore, the bank elected, as they had done in the present case, to treat the spurious notes as on the same footing as genuine

notes, all they did was to accept an obligation to pay the holders in currency, that was to say, in notes. To do so all they had to do was to take so many pieces of printed paper from their existing stock or to have further notes created should the existing stock be insufficient. In either case the loss to the bank was, in his opinion, confined to the expense of procuring the necessary paper and of printing the necessary number of notes.

Lord Russell of Killowen also differed as to the measure of damage, and agreed that the loss to the bank was confined to the expense of procuring the necessary paper and of printing the necessary number of notes.

Solicitors. — Messrs. Travers-Smith, Braithwaite and Co.; Messrs. Johnson, Jecks and Colclough.

The anniversary meetings in London of the Church Missionary Society were to be held on May 3, at eleven a.m., in the Central Hall, Westminster; and at 7.15 p.m. at the Royal Albert Hall.

SPEY ROYAL  
SCOTCH WHISKY

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112

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## Law Costs

It is reported that the action brought by the Bank of Portugal against Messrs. Waterlow & Sons, Ltd., which resulted in judgment against the latter for £610,392, led to no less a sum than £90,000 for costs. The case lasted for 43 days.—Prima facie it would appear that the money is worth it. £2,000 day in refreshers, looks like a lot of drink to us.



# THE WATERLOW APPEAL

## £610,392 Award to Bank of Portugal: Both Victims of Note Fraud

In the House of Lords, on £569,421, the amount awarded by April 28, the Lord Chancellor, Mr. Justice Wright. Lord Warrington of Clyffe, Lord Atkin, Lord Russell of Killowen and Lord Macmillan gave judgment in the consolidated appeals (Banco de Portugal v. Waterlow & Sons, Ltd. and Waterlow & Sons, Ltd. v. Banco de Portugal) from a decision of the Court of Appeal varying a decision of Mr. Justice Wright.

The House, by a majority (Lord Warrington of Clyffe and Lord Russell of Killowen dissenting), in allowing the appeal of the Banco de Portugal, held that judgment should be entered for them for £610,392, and dismissed the appeal of Messrs. Waterlow.

In the action the Banco de Portugal, of 148, Rue de Commerce, Lisbon, bankers to the Portuguese Government, claimed damages for alleged breach of contract, negligence, or conversion from Waterlow and Sons, Limited, the printers, of Great Winchester-street, E.C.

The Banco de Portugal said that in 1922 they entered into certain contracts with Messrs. Waterlow and Sons for the printing and supply of Portuguese bank notes. They alleged that one of the terms of those contracts was that Messrs. Waterlow and Sons should take all necessary precautions to prevent forgery of the notes and that they should not print notes from the same plates except on the express authority of the bank and for delivery to the bank. The bank alleged, in breach of the contract, or negligently and in breach of duty, Messrs. Waterlow and Sons in 1925 printed a quantity of 500 escudos (about £51) bank notes of the issue bearing a portrait of Vasco da Gama, the circumnavigator, from the plates made to the bank's specification and delivered them to an unauthorised person, a Dutchman named Marang, whose associates formed the Banco de Angola e Metropole in Portugal to enable the notes to be put into circulation.

The bank alleged that they were forced to withdraw the notes from circulation and to honour all which were presented, thus suffering considerable loss.

The notice of withdrawal took effect from December 7, 1925, and was ultimately fixed at December 26, 1925.

Messrs. Waterlow and Sons denied that they had been guilty of any breach of contract, breach of duty, or negligence. They further admitted that, if the bank had suffered any damage, that damage was caused, or contributed to, by the bank's own negligence.

Mr. Justice Wright held that it was an implied term of the contract that there was to be no use of the plates for any purpose not authorised by the plaintiffs, and that there was an absolute duty on the defendants not to print or deliver notes of the plaintiff bank without the authority of the bank, and even if the defendants were bound only to take reasonable care to avoid such acts, the defendants had, on the facts, fallen short of the standard of care required by the special nature of the business, and the plaintiffs were entitled to recover. His Lordship, however, was of opinion that for the failure of the bank to take reasonable steps to minimize the damages an allowance should be made of £80,000 in Messrs. Waterlow's favour. In the result he entered judgment for £569,421, with costs, in favour of the Banco de Portugal.

Messrs. Waterlow and Sons appealed on the ground that the damages were excessive, and the bank cross-appealed in respect of the deduction which Mr. Justice Wright had made from the amount of damages claimed by them.

Lord Justice Greer and Lord Justice Slesser held that the damages should be further reduced to £300,000, on the ground that if the bank had acted reasonably, they would have obtained from Messrs. Waterlow means of distinguishing good notes from bad within five days of the discovery of the frauds. The bank, however, were entitled to those damages based on the exchange value of good notes which they had issued in place of bad.

Lord Justice Scrutton thought that, as by the law of Portugal the notes were not convertible into gold, the bank were not entitled to damages on the basis of the face value of the genuine notes issued by them in exchange for Marang's notes, but only to £8,922, the cost of printing notes to replace the genuine notes which they had protected before anything else the confidence which such currency inspired.

precautions necessary in receiving false notes." He had come to the conclusion that the bank would have been failing in their duty to their shareholders, if their customers, and their country, if they had not taken the step they did.

In his opinion those findings of the Courts below were correct, and the bank had no alternative on December 7 but to do what they in fact did. They were in a position of extreme difficulty and extreme danger, caused, he thought, by the unfortunate and unwitting breach of contract on the part of Messrs. Waterlow.

As the bank urged for a counterclaim to find that what it believed to be a substantial portion of its legal wealth was nothing more than worthless pieces of paper instead of genuine notes of the bank would have created an economic panic and confusion which would have caused the bank and might even have shaken the whole economic and commercial life of the country.

### Question of Date

Passing to a consideration of whether December 10, as Lord Justice Greer and Lord Justice Slesser held, or December 16, as Mr. Justice Wright held, or December 26, as Lord Justice Scrutton held, was the correct date for determining when the bank's knowledge was of such a character as disentitled them from exchanging new notes for the Vasco da Gama notes, both authorised and forged, the Lord Chancellor said that that was largely a question of fact. But having come to the conclusion that the bank were entitled to issue their notice on December 7, he rejected the argument for Messrs. Waterlow that the bank acted too precipitately, and the only question therefore remaining was whether December 10, December 16, or December 26 was the proper date to take as being that on which the knowledge of the bank was such as disentitled them from paying out further good notes.

It appeared to him that Lord Justice Scrutton was right in rejecting the contention that December 10 or December 16 was the date to be taken as the one on which the bank knew, or should have been in a position to know, how to distinguish certain of the notes. He agreed that December 26 was the proper date, that being the last day ultimately fixed for the exchange of notes.

What, then, was the amount of damages to which the bank were entitled on that date, subject to the question of the correct measure of damages?

With regard to the question how the £488,430 which was recovered in the liquidation of the Banco de Angola e Metropole was to be dealt with, the Lord Chancellor was of opinion that Messrs. Waterlow should have credit for that sum, thus leaving a net loss to the bank of £610,392 in respect of the authorised notes. That was the principle laid down by the Court of Appeal in the case of the Morgenthau and The Blackcock (16 The T.L.R. 14; (1900) P. 1), and it was that principle which in his view should be followed in the present case.

### Measure of Damages

On the question what was the measure of damages, two points were taken on behalf of Messrs. Waterlow. They contended:—

(1) The loss, if any, suffered by the bank was caused in whole or in part by the voluntary action of the bank and/or was in whole or in part a result of the bank's own negligence, which could not fairly and reasonably be considered as arising naturally from Messrs. Waterlow's breach of contract, and was a loss which could not reasonably be supposed to have been in contemplation of the parties at the time of the making of the contract as the probable result of the breach.

(2) The loss suffered by the bank, if any, was merely nominal, being the present value of the liability of the bank to exchange the forged notes for good notes at a future date, to give gold or to exchange for the good notes it issued in exchange for bad notes.

As to (1), the leading case English law was *Hadley v. Baxendale* (1854 9 Ex. 341), where it was laid down by Mr. B. Alderson:—

"We think the proper rule is that two parties have made a contract which one of them has broken, damages which the other party is to receive in respect of such breach of contract should be such as a fairly and reasonably be considered as arising naturally, i.e., according to usual course of things, from the breach."

## Coming GROCK

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of paper. On each of the good notes so exchanged the assets of the shareholders were diminished to the extent of the liability which the bank assumed for the good note which they had given in exchange for the worthless note.

Some confusion appeared to him to have arisen by dwelling too much on the fact that the notes were not convertible into gold. In his opinion that fact had nothing to do with the case. In a country where there was a managed currency a note when issued by a Central Bank became part of the currency of the country and obtained a certain value which might for the moment be called its market value. The fact that it was not convertible into gold was reflected in the price the note fetched in the terms of any foreign exchange. They were not here considering the case of an unlimited right to issue notes. The essence of the right conferred on the bank of issue in this case was the ability, within limits allowed by law, to print and issue its notes as currency and for value. The notes were the currency of the country, and had the value of that currency when issued. Whatever might be the conditions imposed as to reserves and whether the currency was convertible or inconvertible, a bank of issue received value for every note which it issued.

That consideration had to be kept in view during the whole of the present case. It must never be forgotten that the bank were a bank of issue. The notes might be advanced as loans to the Government or private persons; they might be used to buy gold or securities, to discount bills, or to pay the bank's debts, and the notes might also be received from a customer of the bank to reduce an overdraft at the bank. In every instance the bank obtained the currency value of the notes, or might receive it, in discharge of a liability due to the bank.

Analogies might be misleading, if not dangerous, in these peculiar and unusual circumstances. The simplest way of posing the problem was to imagine two persons coming into the bank at the same time, each of them wanting a good 500 escudos note. The first was an Englishman who wanted to get some Portuguese money. He handed over to the bank five English pounds, and got in return a 500 escudos note. The other person handed over a forged note, and also got a 500 escudos note. What was the position of the bank? In the first case they had obtained in exchange for the 500 escudos note five pounds in English money; in the second case they had got in exchange for the 500 escudos note a worthless forged note. It was not possible to say that in the second case the bank had suffered no damage at all, but only that the value of the note was not as great as that of the first.

(Continued on Page 18.)

WILLIE'S  
THEATRE

TO-DAY

The Greatest War  
Picture of the Year!

BEYOND  
VICTORY

because they could print and issue a third 500 escudos note should they so desire to do. For that note they could also have obtained value. In truth they had lost the face value of the second note by reason of the fact that they had only got a worthless note in exchange.

He was, however, unable to accept in its entirety the argument put forward by the bank in their reasons, where it was stated that the bank's notes, being the same as the currency of the country, had the same value in their hands as in those of third parties. What exactly was meant by the words "in their hands" it was difficult to appreciate. A bank note was, after all, merely a promise to pay in some form or other.

Supposing the bank had had in their cellars, say, for example, 1,000 of those notes, and owing to the negligence of some contractor who happened to be engaged in repairing the premises a fire had broken out and all the new unissued notes in the bank's cellars had been burnt, it would not be possible to contend that the contractor whose negligence had caused the loss of the notes would be liable for their face value. He might in such an instance be liable for the cost of paper and printing of each note, but it was a completely different position when the notes, instead of remaining in the cellar, were rightly, as was found in this case in the circumstances, put into circulation by the bank. Then their value was entirely changed.

Again, it was possible to conceive of cases where a person who had been deprived of a chattel by the negligence of another was entitled to recover from such other the replacement value of such chattel, but the present case was not an example of that character. Here the issue of the note and putting it into the currency of the country, (Continued on Page 18.)



BANK OF PORTUGAL vs. WATERLOW & SONS.

OTTAWA

C.F.R.  
MAY 24 1932

May 23, 1932.

To complete your files we enclose herewith photostat copy of decision appearing in the London Times of April 29, 1932, giving a summary of the case and the final judgment in the House of Lords, to which body the case had gone from the Court of Appeals.

---

Manager Foreign Department.

1 encl.

SHL:grl. (not on original)



PARIS

BANK OF PORTUGAL vs. WATERLOW & SONS.

C.P.R.  
MAY 24 1932

May 23, 1932.

To complete your files we enclose herewith  
photostat copy of decision appearing in the London Times of  
April 29, 1932, giving a summary of the case and the final judgment in  
the House of Lords, to which body the case had gone from the Court  
of Appeals.

We also enclose one copy for Mr. A. G. Nicolopulo.

Yours very truly,

Manager Foreign Department.

SHL:grl

2 encls.

also sent to : OTTAWA  
Mexico  
Rio de Janeiro  
H.L.Williams  
Colombia

OTHER COPY IN  
PACKET

1138 Paris office



Shanghai

BANK OF PORTUGAL vs. WATERLOW & SONS, Ltd.

May 24, 1932.

For your information we enclose herewith a photostat copy of an article which appeared in the London "Times" of April 29th, 1932, in connection with the final judgment rendered in the House of the Lords against Waterlow, to which body the case had gone from the Court of Appeals.

Enclosure - 1  
CWTC/IW

Manager Far Eastern Department.

OTHER COPY IN  
PACKET 2.E.102 ✓



CANADIAN BANK NOTE COMPANY, LIMITED.

C. 1  
MAY 26 1932  
SUBJECT

BANK OF PORTUGAL VS. WATERLOW & SONS

TO NEW YORK FROM OTTAWA

DATE May 25th, 1932.

ENTERED  
Ottawa

We thank you for your letter of the 23rd instant with photostat copy of decision appearing in the "London Times" of April 29th, 1932 which includes the final judgment of the House of Lords. We value this very much and thank you for sending it to us.

CJM/EM



Secretary.



RECEIVED



MAY 26 1932



## AMERICAN BANK NOTE COMPANY

SUBJECT BANK OF PORTUGAL vs. WATERLOW &amp; SONS

J.C.  
JUN 21 1932Paris  
to  
New York

TO NEW YORK FROM PARIS

DATE June 8, 1932

C.P.R.  
JUN 21 1932

File

We acknowledge receipt of your letter of May 23rd, enclosing photostat copy of decision appearing in the London Times of April 29, 1932, relative to the above, also copy for Mr. Nicolopulo. We thank you for the same and are sending Mr. Nicolopulo's copy on to him by this mail.

see yellow - copy  
filed in #54 as per.  
June 8

Yours very truly

H. B. Paulin

HJB/G



AMERICAN BANK NOTE COMPANY

Paris  
to  
New York

J.C.  
JUN 21 1932

T  
C  
A



JUN 21 1932

RECEIVED



JUN 21 1932

CHIEF STAIN BOND



AMERICAN BANK NOTE COMPANY.

SUBJECT WATERLOW

J.C.  
JUL -5 1932

Rio de Janeiro  
TO  
New York

DATE June 11 1932

C.P.R.  
JUL -7 1932

*File*

I have your letter of May 23rd, enclosing  
photostat of a clipping from the London Times reporting  
final judgment in the Bank of Portugal suit.

I would also acknowledge receipt of your  
letter of March 3rd regarding Mr. H. C. Houghton.

Yours very truly,

*John Lane*

JL



Rio de Janeiro  
to  
New York

10-2-32

DATE: June 11, 1932

LS

WATER

BO

A



JUN -2 1932

RECEIVED



JUL -2 1932



June 14, 1932

extract from - H.L.W. - letter (Panama) ..... orig. letter filed in #500  
Trip

I have to acknowledge receipt of the following letters:

May 23rd. -    BANK OF PORTUGAL vs. WATERLOW & SONS.    With enclosure.



Shanghai

WATERLOW & SONS, Ltd.

June 22, 1932.

C. P. R.  
JUN 22 1932

Thanks for your letter of May 21st, enclosing newspaper clipping from the "North China Daily News" giving the final decision of the Bank of Portugal case against the above Company.

Your letter crossed ours of last month reporting on the same subject.

---

GWTC/IW

Manager Far Eastern Department.

OTHER COPY IN  
PACKET 3E, 102



AMERICAN BANK NOTE COMPANY.

SUBJECT Waterlow & Sons  
ANGOLA SCANDAL

C. P. R.  
JAN 24 1933

J.C.  
JAN 20 1932

MONTEVIDEO

DATE December 14 1932

Rio de Janeiro

TO  
New York

You have probably had the review, covered by the enclosed clipping from "The Observer", London, of October 30th, 1932, called to your attention. It was sent me by a friend in London, together with a copy of the book, which I am now reading. The friend rightly thought that I would be interested in what Sir Cecil Kisch had to say.

The author brings together enough of the facts to get a background of the case. It confirms the impression I always had that Sir W. Waterlow was simply hypnotized by the prospect of an order. The fact that Mr. Romer had so definitely warned Waterlow supports that impression.

The author's main object was to prove that the Bank of Portugal lost nothing but the cost of printing the notes and that the decision against Waterlow was a windfall for the Bank.

I think that copies of this book could be used to advantage here and in Brasil. If you are of the same opinion, I shall order some from England.

Yours very truly,

*John Lane*

JL



JAN 20 1933



# THE PORTUGUESE BANK NOTE CASE

"The Portuguese Bank Note Case: The Story and Solution of a Financial Perplexity."  
By Sir C. H. Kisch, K.C.I.E., C.B.  
(Macmillan. 10s. 6d.)

Apart from the controversial aspects of this book, the public will be glad to have within the compass of one volume the whole story of an incident which combines the maximum of daring and ingenuity in crime with the maximum of difficulty and perplexity in its sequel. The most elaborate trickeries of forgery and fraud are balanced by banking and currency problems of almost Einsteinian complexity. And the point at issue is no less sensational: Should Messrs. Waterlow have been ordered to pay £610,392 (the actual judgment); or only £8,000, the cost of printing the notes?

\*\*\*

It is still within the public memory how, in December, 1924, Mr. Marang—"a Dutch gentleman," as Mr. Justice Wright described him, "of handsome exterior and prepossessing manners"—called on Sir William Waterlow and ordered, on behalf of the Portuguese Government, a large series of notes for use (when surcharged) in the colony of Angola; and how, after inquiries and negotiations, 200,000 500-Escudo notes were delivered to Marang in February-March, 1925, followed by further supplies during the year. The notes were printed from plates in Messrs. Waterlow's possession, which had previously been used to print "genuine" notes for the Bank of Portugal, so that the difficulty of detection was enormously increased. The gang, having got the money, found difficulty in disposing of so large a sum, and actually founded "the Bank of Angola and Metropole" in Lisbon to assist their operations. In the end the sudden appearance of so many new notes aroused suspicion, the offices of the Bank of Angola were seized and the chief officials arrested. The Bank of Portugal found itself in an embarrassing position.

curious domesticity, in which the keeper to the gate: most of all, the picture that they should accompany well suits their civil attire (it is quite in movement; their grave courtesy that so and courtship; their military precision of numbering ten; their disposition and diet account of the lives of the inmates. now January, 1914. The book is a fascinating charge of a colony of King Penguins since word counts for much, for he has been in are "rare and delightful birds." His good many who have studied them, penguins Park, Edinburgh, and to him, as to so Mr. Gillespie is director of the Zoological

leaple. (denkins. 8s. 6d.)  
"A Book of King Penguins." By T. H. Gillespie.

## KING PENGUINS.

on the next.  
her pages without a smile, it will be found to themselves is by attacking people of your eminence." And if there is any of way people like myself can draw attention Corelli by the explanation that "the only "Max" palliating his criticisms to Marie people of her generation. She tells of knows a goodly proportion of the clever Victorian theatre. Miss Jones must have stimulating society that hovered around the



## THE PORTUGUESE BANK NOTE CASE

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\*\*\*

When the case came before the courts, the King's Bench Division gave judgment against Messrs. Waterlow for £567,421; the Court of Appeal reduced the sum to £300,000; and the House of Lords brought down the hammer at £610,392. On the basis of the Bank of Portugal's calculation—that it had lost the face value of every note it had to exchange—the judgment becomes simply a matter of rough arithmetic. But *did* the Bank so lose? Counsel for Messrs. Waterlow put the point that the exchange of notes was in reality only a paper transaction; and Sir Cecil Kisch, who is himself a well-known authority on banking, and has had large official experience in finance, now supports that argument with much force and as much clarity as is possible with so involved a subject. It is essential to remember that Portugal had been since 1891 on an "inconvertible" regime, so that the popular idea of "cashing" or "paying" notes is apt to be misleading. In such a case, Sir Cecil argues, "the practical obligation on the Bank merely consists in exchanging one denomination of note for others of equivalent amount, that is, in giving paper in exchange for paper." In fact, he contends, the whole hypothesis of financial "loss" is imaginary; and the real victims of the swindle were not the Bank of Portugal, but the citizens of Portugal, who suffered by the inflation of their currency through the unauthorised increase of paper money. It is interesting to note that the prosperity of the Bank was in no way affected by those untoward happenings. Its dividend, 35 per cent. in 1924 and 1925, mounted steadily to 45 in 1930.

It is a sensational book, both in its criminal and legal aspects, and the author's conclusions are certain to attract wide attention. It should be added that the chief rogues are serving long terms of imprisonment in Portugal: Marang, who asserts that he was an innocent dupe, seems to be still at large.



AMERICAN BANK NOTE COMPANY.

New York

to

Rio de Janeiro

SUBJECT

WATERLOW & SONS - Angola scandal

DATE January 23, 1933.

C. P. R.  
JAN 24 1933

We have your letter of December 14th, from Montevideo, on the above, together with clipping you mention.

This article and also the book referred to have been brought to our attention previously, and we are purchasing several copies of the latter. As soon as we receive the same we will send you one. You will no doubt be able to use the book to good advantage in your present work in Brazil.

Yours very truly,

JC/IW

Vice President.

OTHER COPY IN

593



Jan. 25, 1933

extract from - H. F. Payne's letter of above date . . . . . orig. filed in F.E. #102

The book "The Portugese Bank Note Case" is on sale here and I have a copy. Have not got to reading it carefully as yet, but a glance at it would seem to indicate that it is to a certain extent a defense of Messrs. Waterlow and tries to prove the damages assessed against them were too heavy.

I should think Waterlow would want to have the public forget this as soon as possible, for I assume there is no further appeal from the decision of the House of Lords, and that they had to pay the sum set forth in the judgment.



C. P. R.  
MAY -2 1934

in ... February 1933

Mr. J. Claudet purchased :

6 copies "THE PORTUGUESE BANK NOTE CASE" -

by Sir Cecil H. Kisch, K.C.E.I., C.B.

1 - J. Claudet (given to Mr. CTB)  
1 - for OFFICE (to C.R. Feb. 23, 1933)  
2 - to John Lane Feb. 23, 1933 (1 given to a friend of his 6/21/33)  
~~1 - to J. Ehrman -- May 10, 1933 -- returned Aug. 26, 1933 to stock (CR) 3/28/34~~  
1 - to J.M. Keith Co. Oct. 10, 1933 — *to be ret'd*  
1 - to Mr. Montoulieu (Cuba) Apr. 10, 1933 <

( J. Lane already had one - see letter Dec. 14, 1932 )  
( H.F. Payne bought one - see letter Jan. 25, 1933 )



AMERICAN BANK NOTE COMPANY.

SUBJECT

WATERLOW & SONS - Angola Scandal

New York  
to  
Rio de Janeiro

DATE February 23, 1933.

C. P. R.  
FEB 24 1933

With further reference to your letter of December 14th and ours of January 23rd, we have just received a few copies of the book mentioned by you and are sending you, by the S.S. "EASTERN PRINCE" two copies of the same.

We are sending these in two separate packages, purpose-ly, as "Printed Matter" (Impressos).

We will be glad to hear that they have reached you safely and trust you may be able to use them to good advantage.

Yours very truly,

Vice President.

JC/IW

*Jh already had 1 copy  
sent him by a friend -  
see 12/14/32 letter*

*Jh gave one away -  
see 4/21/33*

OTHER COPY IN  
593 office  
TICKET



AMERICAN BANK NOTE COMPANY.

SUBJECT WATERLOW & SONS

<sup>13</sup>  
*Felly*  
Rio de Janeiro  
TO  
New York

DATE March 14 1933

I have your letters of January 23rd and  
February 23rd. The two copies of Kisch's "The  
Portuguese Bank Note Case" were received to-day,  
for which I thank you.

Yours very truly,

*Shubane*

JL

*1 given away -  
JL letter 6/21/37*



Rio de Janeiro

TO  
New York

AMERICAN BANK NOTE COMPANY

RECEIVED WATERFALLS & SONS

MAR 30 1933

March 14 1933

RECEIVED

A

M



I have your letter of January 23rd and  
February 23rd. The two copies of which a "The  
Portuguese Bank Note Case" were received to-day.

MAR 30 1933

Yours very truly,

WATERFALLS  
BOND

RECEIVED



MAR 30 1933



C. P. R.  
MAY 11 1933

New York, - May 10, 1933

S E E ..... filing-copy of our letter in J.Ehrman pkt #144

re : Waterlow Sons & Co. - Bank of Portugal affair

Perkins-Bacon Co. - Salvador Stamp affair



C.P.R.  
JUL 17 1933

Buenos Aires, - June 21, 1933

extract from J.Lane letter ..... orig. filed in #659 PARAGUAY BANK NOTES

"I gave a copy of "The Portuguese Bank Note Case" to a friend of mine who passed it on to Dr. Eusebio Ayala. The President thought it highly interesting. My friend told him he could keep the book since, as a lawyer, he might find the various court opinions and decisions valuable. I mentioned the book to Dr. Ynsfran who, I believe never heard of the Angola scandal".

OUR REPLY - July 14th. **filed ditto**.....

"We observe that copy of "The Portuguese Bank Note Case" was given to Dr. Eusebio Ayala, where it has found a permanent abode"



WATERLOW & SONS

August 9, 1933.

We refer to our letter of May 10th and to yours of May 20th regarding the copy of "The Portuguese Bank Note Case" by Sir Cecil H. Kisch.

If this book has now served the purpose for which it was sent to you, and if you have no further use for it, we would appreciate it if you would be good enough to return it to us as it is the last copy which we have and we need it to complete our files.

Thanking you in anticipation,

Yours very truly,

Manager Foreign Department.

CTB:grl

OTHER COPY IN

SECRET

144



August 26, 1933

~~SEE~~ - J. Ehrman's letter of above date .....

re: returning copy of "THE PORTUGUESE BANK NOTE CASE"  
by Sir Cecil H. Kisch

filed in #144 Juan Ehrman file



WATERLOW & SONS.

September 7, 1933.

We acknowledge receipt of your letter of August 26th and also duly received the copy of "The Portuguese Bank Note Case" which you returned to us.

We thank you for your prompt attention to this matter.

Yours very truly,

Manager Foreign Department.

SHL:grl

OTHER COPY  
144  
BOKET



October 10, 1933

extract from - Our letter to COSTA RICA . . . . . reg. filing-copy in #116 Banco Int. de  
C. R.

643 BA vs Waterlow

You say that in your conversation with the officials of the Bank, mention was made of a pamphlet which they <sup>(have)</sup> has in their possession, about an English firm duplicating a note issue for a Portuguese colony, but that you could not give them any information as to which firm it was. The pamphlet you refer to must relate to the famous case of the Bank of Portugal - vs - Waterlow, which arose out of an unauthorized issue of notes of the Banco de Portugal which Messrs. Waterlow & Sons printed in the Year 1925. The history of this case is too long to enable us to give it to you entirely in a letter, and we are, therefore, sending you under separate cover, by book post, a book entitled "The Portuguese Bank Note Case - by Sir Cecil H. Kisch, and in another package we are sending you a set of photostat copies of newspaper reports on the case, as published by the "London Times, all of which make most interesting and instructive reading.

We would say that we have never taken advantage of Messrs. Waterlow & ~~XX~~ Sons mistake, so as to use it as a means of active propaganda against them, but as your friends in the Bank mentioned the pamphlet which they have, it may interest them and you to know ~~that~~ details of the case.

Enclosed we send you (with the photostat copies) a pamphlet entitled "Security Printing", which we believe you will find interesting reading, especially that part which details with Intaglio printing.



November 10, 1933

extract from - J.M.Keith & Co. letter . . . . . orig. filed in #116 Bco Int.  
(H.M.Keith) de Costa Rica

We have to acknowledge receipt of your letter of October 10th. which we found extremely interesting and most helpful to us in our work. The book and pamphlet we have read from cover to cover and are passing them on to our friends in the Banco Internacional who have shown interest, but we are advising them that we are not doing it to capitalize on our competitor's mistake.



March 28, 1934

Received from Mr. S.H.L. ....

1 book "The Portuguese Bank Note Case" (by Sir Cecil H. Kisch)

(which had been on Mr. Claudet's desk)  
*since its return from Panama*

It is now wrapped and filed in our cabinet -

*CR*

*Handled to Mr Blackmore 4/7  
see Mr Blackmore's memo.  
of 4/28/34*



AMERICAN BANK NOTE COMPANY

FOREIGN DEPARTMENT

C. P. R.  
MAY -1 1934

Miss Rose.

Please take note that the undersigned  
delivered to Mr. E. J. Montoulier, of Habana,  
a copy of "The Portuguese Bank Note Case."  
on April 10<sup>th</sup> 1934. This copy will not  
be returned.

April 28/34

Harold Blackman



May 2, 1934

Mr. Blackmore -

Please note in connection with photostats of the newspaper clippings, re :

Bank of Portugal -vs- Waterlow & Sons

that one bound set was sent to PARIS OFFICE on February 16th, 1931, and another set was sent to them March 13, 1931 to be forwarded by them to Mr. Nicolopulo.

To this Mr. Boulvin replied, March 25th. -

"We received from London a complete set of press clippings relating to this case which we sent to Mr. Nicolopulo. We shall, therefore keep the duplicate collection which we have just received from you for eventual disposal later."

Therefore, there are now in PARIS OFFICE two sets of these bound photostats; perhaps one could be returned here if need for it arose.

---

CR



June 8, 1934

extract from - Our letter to J.L. . . . . reg. filing-copy in #575 B.N's

You have the book on The Portuguese Bank Note  
Case by Sir Cecil H. Kisch

*see Feb. 23, 1933*



file

October 31, 1934

Mr. H. R. Treadwell, Vice President,  
Bronx Plant.

Banco de Portugal - VS - Waterlow Sons & Co

Per instructions from Mr. Blackmore, I send you herewith nineteen sets (2 shts each) of photostats made of various newspaper clippings, which were made evidently in the early part of 1926. I believe it is his wish that these be kept on file for possible future use.

C. R. [unclear]

See envelope  
filed in letter pkt  
under date Dec 22-1925



C.P.R.  
NOV -1 1934

AMERICAN BANK NOTE COMPANY  
BRONX, N. Y.

*file*

ENGRAVING DEPARTMENT  
OFFICE OF THE VICE PRESIDENT

October 31, 1934

Miss C. Roser  
Foreign Department  
70 Broad Street

---

BANCO DE PORTUGAL - VS - WATERLOW SONS & CO.

Acknowledge receipt of 19 sets - 2 shts. each - of photo-  
stats made of various newspaper clippings of 1926, as per your letter  
of October 31.

---

*[Signature]*  
Vice President

LB



May 27, 1937

**SEE** - Our letter to R. J. MECHIN ..... filed in #107 Stamps (R.J.M.)

re: sending above a copy of the book - titled  
PORTUGUESE BANK NOTE CASE

*ret'd 6/3/37*



210 SOUTH STREET  
BOSTON

C. P. R.  
AUG 21 1942

March 20, 1940

A. L. S.  
MAR 21 1940

Dear Mr. Schomp:

Would you kindly loan<sup>#</sup> me the copy of the book on the Portugal Bank Note counterfeiting case that you let me take about seven years ago.

One of our good friends at the First National Bank would like to read it, and incidentally I would be interested in reading it again myself.

I promise you it will be taken good care of, and returned to you in good condition.

Yours very sincerely,

*Spencer*

Mr. A. L. Schomp  
70 Broad Street  
New York N. Y.

# Sent to Mr. Spencer - March 22



210 SOUTH STREET  
BOSTON

C.P.R.  
AUG 21 1942

A.L.S.  
JUN 12 1940

June 11, 1940

Dear Mr. Schomp:

I am returning <sup>#</sup>to you under separate cover your book entitled ""The Portuguese Bank Note Case", which you so kindly loaned me.

I enjoyed reading this again very much, and our customer at the First National Bank of Boston expressed his sincere appreciation for the loan of it.

I trust that you will find this book in just as good condition as it was when you sent it to me.

With kindest personal regards, I am

Yours very sincerely,

*Spencer*

# Received June 12

Mr. A. L. Schomp,  
70 Broad Street  
New York N. Y.

*See AG memo on  
10/29/44 letter in file -  
"Banco de Mexico"*



JUN 10 1940

May 16, 1940

SEE - W. D. Howe letter to C.T.B. ....filed in <sup>122 tipografia vac.</sup> ~~#1722 HMKeith General~~

re: he has just be loaned a copy of  
"THE PORTUGUESE BANK NOTE CASE" by Sir Cecil Kisch



BANK OF PORTUGAL vs WATERLOW  
(1930 - to date)

Date of letter	Sent to	
Jan. 31, 1930	J. Claudet <i>(thru)</i>	Clipping from N.Y. TIMES of Jan. 19, 1930
"	H.L. Williams	"
"	C.T. Blackmore	"
"	Herrera	"
"	J. Lane	"
Jan. 28, 1930	China	"
<hr/>		
June 13, 1930	Rio	Photostat - clipping from N.Y. TIMES of May 25th
"	Blackmore	"
"	Williams	"
<hr/>		
Dec. 19, 1930	China	Clipping from N.Y. TIMES of Dec. 10th and 11th
<i>in bound (6 files - last file) - (1/27/31)</i>		
Jan. 28, 1931	Williams	Photostats of various clippings
"	J. Lane	"
"	Blackmore	<i>5/2/31 "was kept in Mex"</i>
Jan. 30, 1931	Mr. Machado	"
Feb. 2, 1931	China	"
Feb. 16, 1931	Paris	<i>Kept by Paris 3/25/31</i>
Mar. 13, 1931	A.G. Nicolopulo (thru Paris Office)	"
F.W.G. memo 2/16/31 - D.E. Woodhull		<i>5/2/31 still has his (stiff cover)</i>
"	A.L. Schomp	"
"	W.E. Smith	"
"	J. Claudet	<i>not found on J.C.'s desk - probably she sent to Herrera</i>
<i>1 kept by F.W.G. # below</i>		
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Mar. 5, 1931	Herrera	Photostat of clippings of LONDON TIMES
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Apr. 17, 1931	Blackmore	<i>to be put into binder</i> Photostat of appeal judgment
"	Rio	"
"	Herrera	"
"	Paris (2 copies - 1 for A.G.N.)	"
"	Ottawa	"
"	Williams	"
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May 23, 1932	Ottawa	Photostat copy of decision (London Times 4/29/32)
"	Mexico	"
"	Rio	"
"	H.L. Williams (Panama)	"
"	Paris	"
"	Colombia	"
May 24, 1932	China	"
Oct. 10, 1933	Costa Rica <i># above</i>	1 set of Photostat copies of Newspaper Reports (Published by - London Times)

KEEP IN BACK OF PACKET